

Order Execution Policy

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SM Capital Markets Ltd

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1. Introduction

SM Capital Markets Ltd operating under the brand name "SCOPE MARKETS" (hereinafter "the Company") is regulated by the Cyprus Securities and Exchange Commission (CySEC) and is governed by the Investment Services and Activities and Regulated Markets Law of 2017 with number L.87(I)/2017 (hereinafter "Law").

This Order Execution Policy (hereinafter "the Policy") is issued pursuant to, and in compliance with the Law, the Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on Markets in Financial Instruments ('MiFID II').

2. Scope

When dealing with Clients, the Company has a general duty to act honestly, fairly and professionally and in the best interest of the Client. In relation to order execution, the Company is required by the Law to take all sufficient steps to obtain the best possible result on behalf of its Clients when providing to them the Investment Services that the Company is licensed to provide.

3. Client Categorization and Order Execution

The Company is authorised to execute orders on Clients' behalf and to receive and transmit orders on Clients' behalf. Reception and transmission of orders includes arrangements that bring together two or more investors. By executing orders on Clients' behalf, the Company participates in the execution of an order on behalf of the Client, by transmitting that order to a third-party ("Execution Venue").

The present policy applies to only to Retail and Professional Clients, it does not apply to Eligible Counterparties.

4. Best Execution Factors

The Company takes all sufficient steps to act in the best interest of its Customers when executing Customer's Orders and obtain the best possible result for Customers taking into account the following factors when dealing with Customers Orders: price, cost, speed, likelihood of execution and settlement, size, nature and other considerations of the transaction, market impact or any other consideration relevant to the execution of an order as applicable.

The Company does not consider the above list exhaustive and the order in which the above factors are presented shall not be taken as priority factor.

The Company when executing Clients' Orders is required under the relevant regulatory framework to assign a relative importance on the following execution factors:

- a. **Price:** For the Company's Financial Instruments the Company will quote two prices: the higher price (ASK) at which the Client can buy (go long), and the

lower price (BID) at which the Client can sell (go short). Physical shares can only be purchased as the buy option and a Client cannot sell physical shares without actually owning them.

Collectively, the ASK and BID prices are referred to as the Company's price. The difference between the lower and the higher price of a given Financial Instrument is the spread. Such orders as Buy, Buy Limit, Buy Stop, Buy Stop Limit and Stop Loss, Take profit for opened short position are executed at ASK price. Such orders as Sell, Sell Limit, Sell Stop, Sell Stop Limit and Stop Loss, Take profit for opened long position are executed at BID price. The Company's prices can be found on the Company's website and/or trading platforms. The Company updates its prices as frequently as the limitations of technology and communications links allow. The Company reviews its third party external reference sources in frequent periods to ensure that the data obtained continues to remain competitive.

- b. **Costs:** For opening a position in some types of instruments that the Company offers the Client may be required to pay a mark-up on spread and an overnight financing fee ("swap") if the Client wishes to hold his position overnight. Swaps only apply in the case of CFDs. Commissions may also be applicable. The Company may be charging the account holder a commission fee every time they are opening and closing a position. Commission fees are automatically calculated according to the volume traded and they are applicable to physical shares and they are only applicable to physical shares.

The amount of the costs is disclosed on the Company's website and/or trading platforms. Commissions may be charged either in the form of a percentage of the overall value of the trade or as fixed amounts. In the case of financing fees, the value of opened positions in some types of CFDs is increased or reduced by a daily financing fee "swap rate" throughout the life of the contract. Financing fees are based on prevailing market interest rates, which may vary over time. Details of daily financing fees applied are available on the Company's website and/or trading platforms. For all types of Financial Instruments that the Company offers, the commission and financing fees are not incorporated into the Company's quoted price and are instead charged explicitly to the Client account.

- c. **Speed of Execution:** Due to the levels of volatility affecting both price and volume, the Company seeks to provide Client orders with the best execution available. The Company places a significant importance when executing Client's Orders and strives to offer high speed of execution within the limitations of technology and communication links. In case where the Clients use a wireless connection or a dial up connection or any other communication link that can cause a poor internet connection, which can cause unstable connectivity with

the Company's trading platform, resulting to the Client placing his orders at a delay and the orders being executed at a better or worse prevailing price offered, the Company does not accept any liability in case of such incident.

- d. **Likelihood of Execution:** There would be cases where it may not be possible to arrange the order for execution. That is because we rely on third-party Liquidity Providers for prices and available volume. Therefore, the execution of Clients' orders will depend on whether there are prices and liquidity available at the time these orders are received. The availability on execution may be subject to variation, especially during abnormal market conditions, such as:
 - i. During market opening times
 - ii. During times of market news and events
 - iii. During periods of significant volatility
 - iv. Where there is a rapid price movement
 - v. Where there is insufficient liquidity for the execution of the specific volume at the declared price or a force majeure event has occurred.
 - vi. Where the Company's Internal Risk Limits no longer permit the acceptance of any further orders on a specific instrument.
- e. **Likelihood of settlement:** The Financial Instruments of CFDs offered by the Company do not involve the delivery of the underlying asset, so there is no settlement. Settlement of other Financial Instruments such as transferable securities is the factor which taken into consideration as part of the execution process.
- f. **Size of Order:** The minimum size of an order may be different for each asset type and/ or financial instrument. A Lot is a unit for measuring the transaction amount and is different for each type of CFD. Please refer to the website and/or platform for the value of minimum size of an order or minimum Lot for a given CFD. For physical shares the minimum size of order is 1 share, and the maximum order is 10,000 shares per click size. The Company reserves the right to decline an order as explained in the Client Agreement entered with the Client.
- g. **Market Impact:** Some factors may rapidly affect the price of the underlying instruments/products from which the Company's quoted price is derived and may also affect other factors listed herein. The Company will take all reasonable steps to obtain the best possible result for its Clients.
- h. **Partial Fills:** This is the practice of executing an order in parts if there is not enough liquidity in the market at the time in order to fill-in the full order at a specific price. Partial fills may be executed at different prices.

5. Best Execution Criteria

The relative importance that the Company attaches to the execution factors in any particular case may be affected by the circumstances of the order. They are called the Execution criteria, and they consist of:

- Client Characteristics – professional customers may have different needs to retail customers.
- Transaction Characteristics – such as the potential for it to have an impact on the market.
- Financial Instrument Characteristics – such as liquidity and whether there is a recognised centralised market.
- Venue Characteristics – particular features of the liquidity sources available to the website
- Other relevant circumstances – as applicable.

For Retail Clients, the best possible result shall be determined in terms of the total consideration, representing the price of the financial instrument and the costs related to execution, which shall include all expenses incurred by the Client which are directly related to the execution of the Order, **including execution venue fees, clearing and settlement fees (applicable only for cash equities)** and any other fees paid to third parties involved in the execution of the Order.

For the purposes of delivering best execution where there is more than one competing execution venue to execute an order, in order to assess and compare the result for the client that would be achieved by executing the order on each of the execution venue that is capable of executing that order, the Company's own commissions and costs for executing the order on each of the eligible execution venue shall be taken into account in that assessment. The Company shall not structure or charge commissions in such a way as to discriminate unfairly between the execution venue.

The Company determines the relative importance it assigns, in accordance with the above- mentioned criteria, to the Best Execution Factors by using its commercial judgement and experience in light of the information available on the market and by taking into account the remarks included in paragraph 4. The Company assigns the following importance level to the Best Execution Factors:

Factor	Importance Level	Remarks
Price	High	We give strong emphasis on the quality and level of the price data that we receive from external sources in order to provide our Clients with competitive price quotes. We do not however guarantee that our quoted prices will be at a price which is as good or

		better than one might have been available elsewhere.
Costs	High	We take all sufficient steps to keep the costs of your transactions as low and competitive, to the extent possible. Additional costs might be charged by the Company's Liquidity Providers.
Speed of Execution	High	Execution Speed and the opportunity for price improvement is critical to every trader and we repeatedly monitor these factors to ensure we maintain our high execution standards.
Likelihood of Execution	High	Even though we reserve the right to decline a Client Order we aim to execute all Client orders, to the extent possible.
Likelihood of settlement	Medium	See relevant description in Paragraph 4.
Size of Order	Medium	See relevant description in Paragraph 4.
Market Impact	Medium	See relevant description in Paragraph 4.
Partial Fills	Medium	See relevant description in Paragraph 4.

6. Other Key aspects of the firm's execution arrangements

- a. **Slippage:** This situation occurs when there is latency between the quoted and executed price. Latency can lead to slippage i.e. the difference between the expected price of an order, and the price the order is actually executed at. Negative slippage occurs when the executed price is worse than the price requested by the Client. Positive Slippage occurs when the execution price is better than the price requested by the Client. Slippage is more likely to occur in the forex market when volatility is high, perhaps due to news events, or during times when the currency pair is trading outside peak market hours. Additionally, slippage can occur both to market and pending orders. Pending orders will be executed at the next best available price. As part of monitoring its best execution, the Company ensures that it does not apply asymmetric slippage to its clients.
- b. **Re-quotes:** The Company only has market execution. Thus, it will not provide secondary quote to the Client after an order has been submitted.

7. Types of Order(s) in Financial Instruments offered by the Company

The below types of orders are available for both CFDs and Physical Shares. For CFDs it is possible to open both a long and a short position. For Physical Shares it is possible only to open a long (buy) position.

- a. **Market Order(s):** 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 position. Financial Instruments are bought at the ASK price and sold at the BID price. Stop Loss and Take Profit Orders can be attached to a Market Order. Market Orders are offered for all types of accounts and Financial Instruments
- b. **Pending Order(s):** The Company may offer the following types of Pending Orders:
 - i. **Buy Stop:** this is an order to buy a specific quantity of the underlying instrument with the triggering price ('the stop price') being higher than the current market price (upon triggering the order becomes Market Order).
 - ii. **Sell Stop:** this is an order to sell a specific quantity of the underlying instrument with the triggering price ('the stop price') being lower than the current market price (upon triggering the order becomes Market Order).
 - iii. **Buy Limit:** this is an order to buy an instrument at a specified price ('the limit price') that is lower than the current market price (can only be executed at declared or better price).
 - iv. **Sell Limit:** this is an order to sell an instrument at a specified price ('the limit price') that is higher than the current market price (can only be executed at declared or better price).
 - v. **Buy-Stop Limit:** this type combines the two first types being a stop order for placing Buy Limit. As soon as the future Ask price reaches the stop-level indicated in the order (the Price field), a Buy Limit order will be placed at the level, specified in Stop Limit price field. A stop level is set above the current Ask price, while Stop Limit price is set below the stop level.
 - vi. **Sell-Stop-Limit:** this type is a stop order for placing Sell Limit. As soon as the future Bid price reaches the stop-level indicated in the order (the Price field), a Sell Limit order will be placed at the level, specified in Stop Limit price field. A stop level is set below the current Bid price, while Stop Limit price is set above the stop level.
 - vii. **Stop Loss:** this is an order that may be attached to an already open position or a pending position to exit the trade at a specified price ('the stop loss price'). A 'stop loss' may be used to minimize losses, upon triggering it becomes a market order and can be executed at declared, better or worse price.

- viii. **Take Profit:** this is an order that may be attached to an already open position or a pending position to exit the trade at a specified price ('the take profit price'). A 'take profit' may be used to secure profits and can only be executed at declared or better price.

8. Execution Venues / Liquidity Providers

Execution Venues are the entities with which the Orders are placed. Either the Company or a third-party liquidity provider will be the Execution Venue for the execution of client orders. The Company maintains agreements with the below third-party execution venues:

1. **26 Degrees Global Markets (EU) Ltd**
2. **26 Degrees Global Markets Pty Ltd**
3. **CGS-CIMB Securities (Singapore) Pte. Ltd**
4. **CMC Markets Germany GmbH**
5. **MTG Liquidity Ltd**
6. **Multi Asset Solutions Limited**
7. **RGL Capital (Mauritius) Ltd**
8. **RS Global Ltd**
9. **Scope Markets SA (PTY) Ltd**
10. **Stonex Europe Ltd**

The above list might be updated from time to time at the Company's discretion and the Client shall be responsible to look for updates. The Company reserves the right to change its execution venues at its own discretion.

The Company evaluates and selects the liquidity providers based on several criteria such as the regulatory status of the liquidity provider, the ability to deal with large volume of orders, the speed of execution, the competitiveness of commission rates and spreads.

The Company trades as agent with respect to physical shares with Clients. All orders in physical shares are executed through Regulated Markets.

The Company shall not receive any remuneration, discount, or non-monetary benefit for routing client Orders to a particular execution venue which may lead to a conflict of interest.

The company will not pay or be paid any fee or commission, or provide or be provided with any non-monetary benefit in connection with the provision of an investment service or an ancillary service, to or by any party except the client or a person on behalf of the client, other than where the payment or benefit:

- a. is designed to enhance the quality of the relevant service to the client; and
- b. does not impair compliance with the investment firm's duty to act honestly, fairly, and professionally in accordance with the best interest of its clients.

The Client acknowledges that the transactions entered in Financial Instruments placed with the Company are not undertaken on a recognized exchange, rather they are undertaken over the counter (OTC) and as such they may expose the Client to greater risks than regulated exchange transactions.

9. Important Disclosures

In cases where the Company acts as an STP Broker (i.e. places the clients' orders for execution to third party liquidity providers), the Company undertakes to summarize and make public on an annual basis, for each class of financial instruments, the top five execution venues in terms of trading volumes where the client orders were executed in the preceding year and information on the quality of execution obtained, in accordance to the relevant regulatory requirements.

The Company will publish an annual Execution Quality Summary Statement (EQSS) which will, for each class of financial instruments, include a summary of the analysis and conclusions the Company will draw from its detailed monitoring of the quality of execution obtained on the execution venues where all client orders were executed in the previous year.

The EQSS will include:

- a. an explanation of the relative importance the Company gave to the execution factors of price, costs, speed, likelihood of execution or any other consideration including qualitative factors when assessing the quality of execution.
- b. a description of any close links, conflicts of interests, and common ownerships with respect to any execution venues used to execute orders.
- c. a description of any specific arrangements with any execution venues regarding payments made or received, discounts, rebates or non-monetary benefits received.
- d. an explanation of the factors that led to a change in the list of execution venues listed in the firm's execution policy, if such a change occurred.
- e. an explanation of how order execution differs according to client categorization, where the Company treats categories of clients differently and where it may affect the order execution arrangements.
- f. an explanation of whether other criteria were given precedence over immediate price and cost when executing retail client orders and how these

other criteria were instrumental in delivering the best possible result in terms of the total consideration to the Client.

- g. an explanation of how the Company has used any data or tools relating to the quality of execution, including any data published under Delegated Regulation (EU) 2017/575;
- h. where applicable, an explanation of how the Company has used output of a consolidated tape provider established under Article 65 of Directive 2014/65/EU.

The first annual report of EQSS and RTS28 were released by **the end of April 2019**.

Execution Quality Summary Statement (EQSS) and RTS 28 Report are both published on our website by end of April each year, or if stated otherwise by Cyprus Securities and Exchange Commission (CySEC). These reports are available on the [Company's website](#).

10. Transactions where Best Execution has Limited Scope - Specific Instructions

When the Client give to the Company specific instructions in relation to the execution of a particular order, the Company executes the order according to the Client's instructions and in doing so the Company has delivered Best Execution in respect to the relevant aspect of the order that is subject to the Client's instructions. However, the Client's specific instructions may affect the Company's ability to follow the execution policy, and the criteria set in the policy.

The Client acknowledges and accepts that these specific instructions may contradict the Company's Execution Policy and may not necessarily lead to best execution of his orders. Subject to the specific instructions given by the Client, the Client accepts that the Company will not be held liable for any direct or indirect loss or damage that may result from the execution of his orders. Risks and consequences are to be borne exclusively by the Client.

11. Event of Client Default or other Liquidation Event

In an event of Client Default (e.g. insufficient margin), or other liquidation event, the Company shall seek to immediately terminate, cancel and close-out all or part of any outstanding positions. The Company retains discretion as to how to handle the close-out, including with respect to order execution, fill quantity, aggregation, priority, and pricing.

12. Monitoring and Review

The Company has processes and procedures which analyze the execution quality and monitor best execution. The Company monitors and measures the competitiveness of its prices and the speed of its execution against other Forex Brokers.

The Company's second and third line of defenses, namely the Compliance and Internal Audit perform additional reviews and assessments on best execution on a regular basis and at least annually or whenever a material change occurs that affects the Company's ability to continue obtaining the best result for Clients' orders.

13. Other important information

For CFDs specific Leverage restrictions apply for Retail Clients. For Professional Clients these restrictions do not apply.

Hedging is not permitted on the MT5 platform. Where a Client opens a second position on the same instrument, this will be netted-off against the existing open position.

CFDs are not eligible for sale or distribution in certain jurisdictions or countries. This Policy is not directed to any jurisdiction or country where its publication, availability or distribution would be contrary to local laws or regulations, including, but not limited to the United States of America.

14. Contact Information

Questions regarding this Policy should be addressed to our Customer Department. You may contact our Customer Support Department via e-mail at support@scopemarkets.eu or via phone on the numbers you will find on the Contact section of our website.