

Order Execution Policy

1. INTRODUCTION

As a firm regulated by the Financial Conduct Authority (“FCA”), Capital Com (UK) Limited (“CCUK”, “the Firm”) has an obligation to take **all sufficient steps to obtain the best possible results** for its Customers when executing Customer orders or passing them to other firms for execution, commonly known as the **best execution obligation**.

To comply with these requirements, CCUK has established this Summary Order Execution Policy (this “Policy”), which forms part of our Terms and Conditions and sets out the approach taken by the Firm to ensure that the best possible outcome is obtained for its Customers on a consistent basis when executing Customer orders or when transmitting or placing Customer orders with third party brokers for execution. This Policy applies to orders executed for both retail and professional Customers.

CCUK will answer clearly and within a reasonable time to Customers who make feasible and proportionate requests for information about this Policy, the Firm’s arrangements, and how they are reviewed.

Customers will be notified of any material amendments to the Order Execution arrangements or to the Policy. Any material changes of the Policy will be communicated to Customers in advance. Customers should notify CCUK immediately in case they do not agree with any changes to the Policy and should immediately cease using the Firm’s trading platform. The Firm reserves the right to terminate a business relationship pursuant to the Firm’s Terms and Conditions.

2. OUR APPROACH

CCUK provides margin trading services in Contracts for Difference (“CFDs”) and Spread Betting, and non-margin trading Share Dealing services. CCUK is the Customer’s counterparty to each trade. However, CCUK is a Straight Through Processing (STP) broker, with no dealing desk. For CFDs and Spread Bets, the Firm routes all orders to Capital Com SV Investments (“CCSV”), which is CCUK’s affiliate and a regulated investment firm with the Cyprus Securities and Exchange

Commission (CySEC) with licence number CIF319/17.

For its Share Dealing services, CCUK offers the ability for Customers to purchase Shares (or other transferable securities) traded on regulated markets, Multilateral Trading Facilities (MTF), Organised Trading Facilities (OTF) and/or Systematic Internalisers (“SIs”). By trading such financial instruments, the Customer will be the owner of the relevant financial instrument, however, the Firm will hold the instruments on the Customer’s behalf. The Firm uses a third party broker to execute Share Dealing transactions and appoints a third party custodian to physically hold the instruments.

CCUK does not guarantee that, when executing a transaction, the price will be more favourable than one which the Customer could access elsewhere.

2.1. Execution Venue

The term “Execution Venue” includes a regulated market, an MTF, an OTF, an SI, a market maker or other liquidity provider or entity that performs a similar function in a third country to the function performed by any of the foregoing. CCSV will be the Execution Venue for all CFDs and Spread Bets offered on the Firm’s trading platform. For Share Dealing services, the Firm uses a third party broker as its Execution Venue.

By accepting the Firm’s Terms and Conditions, the Customer consents and agrees to:

- having CCSV act as the sole execution venue for CFDs and Spread Bets;
- that any CFD or Spread Bet orders placed with CCUK are not executed on a trading venue and therefore Customers are exposed to counterparty risk arising from execution outside a trading venue; and
- with respect to Shares, Customer orders may be executed either outside or on a trading venue.

2.2. Execution Factors and Criteria

When executing an order on behalf of a retail Customer, CCUK determines the best possible result in terms of the total consideration of the execution factors and the relative importance of each factor, taking into account the execution criteria.

When executing an order on behalf of a professional Customer, CCUK's determination of the relative importance of the execution factors may differ from retail Customers and other execution factors such as speed, likelihood of execution, size, nature or any other relevant consideration will, in most cases, be secondary to the price and costs considerations, unless they would deliver the best possible result for the Customer in terms of total consideration.

The execution factors are:

- **Price:** The execution price achieved when an order is filled.
- **Speed:** The speed in executing orders. Whilst speed is an important factor for immediately marketable orders, it may take a lower priority to limit market impact, e.g. in the case of orders in illiquid markets or orders that are large in size.
- **Costs:** Trading costs incurred by the execution venue when executing an order. The executed price and likelihood of execution take priority over costs incurred when trading.
- **Likelihood of execution:** The ability to find liquidity and fill orders. For illiquid or large in size orders, this factor may occasionally take priority over other factors.
- **Likelihood of settlement:** The ability to ensure settlement of the Financial Instrument and cash efficiently.

The execution criteria are:

- **Characteristics of the Customer:** The categorisation of the Customer as retail or professional.
- **Characteristics of the Customer order:** For example, the size of the order, whether the order involves specific Customer instructions.
- **Characteristics of Financial Instruments that are the subject of that order:** For example, the degree of liquidity, spread and depth, and any historical trading patterns that are exclusive to that particular instrument.
- **The characteristics of the execution venues to which that order can be directed:** For example, in terms of price, experience, and overall service.

Other circumstances may be taken into consideration when determining how to obtain best execution, including:

- Market volatility, accessibility, and market conditions (e.g. interruption in the trading of a major exchange or market turbulence due to the failure of counterparty); and
- Counterparty exposure.

For the avoidance of doubt, when a Share Dealing order is routed through a selected broker by the Firm, that broker will use their own commercial experience and judgement in determining the relative importance of the execution factors as well as the possible underlying execution venues to which orders can be directed.

Price: The Firm understands that price is of high importance to its Customers, unless the Customer has indicated otherwise. Price can be affected by the size of an order, and the best price may not always be available at specified sizes. For CFDs and Spread Bets, CCUK will quote two prices: a higher price (ASK) at which the Customer can buy and a lower price (BID) at which the Customer can sell. The prices are displayed on the Firm's trading platform. The difference between the Bid and Ask Price is known as Spread, which is a cost of execution. The quoted price of a given CFD or Spread Bet is calculated with reference to the price of the relevant underlying asset.

Spreads may be wider for larger orders, or larger orders may be executed in multiple portions at different prices, depending on the liquidity available in the Financial Instrument.

For Shares, CCUK shall provide Customers with the direct prices obtained from the relevant regulated markets on which the instruments are traded.

Speed: Due to volatility that may affect both the price and size of the trade, the Firm seeks to execute Customer orders as fast as reasonably possible. When a Customer submits a market order, the Firm considers that the speed with which a trade is executed is of significant importance to its Customers. However, when a Customer submits an order with instructions in relation to price (e.g. a Stop Loss Order), prompt execution (particularly at the desired price) may not be possible.

The price shown on the Firm's trading platform at the moment the order is sent may differ from the market price at the moment of the actual execution of the order due to natural network delays and market fluctuations.

Slippage (which refers to the difference between the expected price of a trade and the price at which the trade is executed) is often a result of a liquidity shortage, the price impact of large orders or volatility that make the execution of a market order at the price shown in the Customer's trading platform impossible. In case of slippage, the Firm will take all sufficient steps to execute market orders at the next best price available in the order's size. In such a case, it is noted that the Customer's order may be executed at a price that is different from the initial price selected. In addition, it is noted that there may be times when certain financial instruments are not available for trading.

Costs: The Firm understands that costs are of high importance to its Customers. The key cost associated with executing a CFD or Spread Bet order is the spread. Detailed and updated information on leverage, applicable spreads and margin requirements as applied to a specific instrument is available on our trading platform and the website. The CFD/Spread Bet spread is dynamic and may factor in the liquidity in the external markets, time of day and market volatility. The Firm's CFD/Spread Bet spreads are set at our absolute discretion, and any changes are effective immediately. The Firm reserves the right to mark-up the spreads above the spreads received from its liquidity providers. In addition, the Firm has the right to alter the spreads in order to reflect the actual market conditions and political or economic events (such as increased volatility or reduced liquidity in relation to the underlying market concerned, etc.).

With respect to trading in Shares, the spreads quoted on the Firm's trading platform will be obtained from the relevant regulated markets on which the instruments are traded.

Likelihood of execution: The likelihood of execution is dependent on the availability of prices from other liquidity providers, market makers and financial markets. For instance, it may not be possible to execute an order:

- During news or data releases
- At the start or close of trading sessions
- In periods of high volatility, when prices may move significantly up or down and away from the quoted prices
- Due to insufficient liquidity for execution of the order at the requested size and/or at the quoted price

CCUK does not consider the above list exhaustive and reserves the right to factor in other events, including those beyond our control, and evaluate the potential effect the order may have on our risk tolerance when handling the execution of the Customer order.

In the event CCUK is unable to proceed with an order as requested, or for any other reason, it reserves the right to decline the Customers' order or to offer the Customers a new price for their orders. The Firm is not required to give any notice or explanation to the Customer regarding its decision to decline or offer an alternative price.

Likelihood of settlement: The CFDs and Spread Bets offered by the Firm do not involve the delivery of the underlying asset and, therefore, there is no settlement as there would have been if the Customer had bought the underlying asset.

With respect to Shares, transactions in European and UK Shares are currently settled on a T+2 basis (meaning that the Transaction settles with the applicable Underlying Market two (2) Business Days after it is made). Despite this, upon the execution of an order on Shares, the Firm shall proceed with the settlement immediately and will assume all settlement risk on behalf of the Customer.

Size of the Order: All CFD/Spread Bet orders are placed in contract units. A contract unit measures the transaction amount and it differs depending on the type of the CFD/Spread Bet involved. The size of a contract unit for any given CFD and/or Spread Bet is available on the Firm's trading platform and website. Customers should therefore refer to the Firm's trading platform or the website for information on the upper and lower limits applicable to the size of the orders. CCUK will not normally accept an order which is outside the provided size limits, but may do so at its absolute discretion.

The Firm allows Customers to invest in and sell Shares. Furthermore, any limits to the number of Shares Customers can buy in a particular instrument shall be available on the Firm's trading platform, but there may also be limits to the size of these orders applied by the underlying market that the shares trade on or by third party brokers who may handle Customer orders.

2.3. Market Impact

The Firm's quoted prices which are derived from its liquidity providers/trading venues may be affected by various circumstances which could also affect

the evaluation of the relevance and priority of the execution factors outlined in this Policy. In any case, the Firm will take all sufficient steps to ensure the best possible results for its Customers.

2.4. Customers' Instructions and Types of Orders

Customers are warned that any specific instruction from them in relation to the execution of order (or a part or aspect of it) may prevent the Firm from taking the steps that have been designed and implemented in this Policy to obtain the best possible result for the execution of those orders, in respect of the elements covered by those instructions.

When executing an order following a specific Customer's instruction, the Firm considers that it has satisfied its best execution obligations *only* in respect of the part, or aspect of the order to which the instructions relate. It is CCUK's policy that specific instruction which covers one part or aspect of the order will not be treated as releasing the Firm from best execution obligations in respect of any other parts or aspects of order that are not covered by such instructions.

CCUK will not induce any Customers to instruct the execution of an order in a particular way (by expressly indicating or implicitly suggesting the content of the Customer instruction) where it is reasonably known that an instruction to that effect is likely to prevent the firm from achieving best execution for the Customer.

The orders that the Firm currently offers to its Customers are set out in the Appendix to this Policy.

2.5. Handling Orders

All trades are bilateral transactions and are conducted exclusively between CCUK and the relevant Customer. The Customer's ability to place an order is subject to the availability of funds (with respect to Shares) or margin (with respect to CFDs and Spread Bets) in their trading account. All executed trades are viewable on the Customer's platform, which also shows the profits and losses generated by the closed trades.

The Firm undertakes to handle all Customer orders in accordance with the following principles, which are further outlined below:

- Order execution shall be prompt, fair and expeditious;

- Aggregation of comparable orders where deemed appropriate;
- Allocation or reallocation shall be equitable and seek to protect the Customer from detriment.

Prompt, fair, expeditious and sequential order execution: Except in exceptional circumstances, the Firm's trading activity does not rely on any manual intervention or dealing. The absence of manual dealing ensures prompt, fair and expeditious execution of Customer orders, relative to other Customer orders or the Firm's own trading interest. All Customer orders are promptly and accurately recorded and allocated. Otherwise comparable Customer orders are executed in a strictly sequential order in accordance with the time of their receipt by CCUK (i.e. on a first come, first served basis). CCUK reserves the right to depart from this strict sequence, if the characteristics of the Customer order and/or prevailing market conditions make it impracticable to execute it in this manner, or the interests of the Customer require otherwise.

CCUK will ensure that it will at all times duly and promptly inform the Customer of any material difficulty relevant to the proper execution of the Customer's order as soon as the Firm becomes aware of such difficulty.

CCUK must, at all times, maintain a diligent approach to the proper management and mitigation of all potential conflicts of interest that may arise when handling Customer orders. Specific operational procedures, aligned to both this Order Execution Policy and our Conflicts of Interest Policy, must be followed at all times.

Aggregation: To carry out a Customer order in aggregation with another Customer order, CCUK will ensure the following requirements are met.

- The Customer has been made aware that aggregation may, in some cases, result in obtaining a less favourable price than if the order were executed separately;
- The Firm, in its sole discretion and under prevailing market conditions, does reasonably believe that such action is likely to be within the Customer's best interests and CCUK is able to demonstrate this; and
- The decision to aggregate and, if necessary, reallocate will be made in accordance with any Customer

instructions, having regard to price and volume and allocated accordingly.

CCUK may aggregate Customers' orders where we seek to achieve efficient execution, but this may result in a specific Customer achieving a less favourable price than if that specific Customer's order had been executed separately. CCUK considers that aggregation is consistent with its best execution obligation, provided that:

- It is unlikely that the aggregation of the orders and transactions will work overall to the disadvantage of any Customer whose order is to be aggregated;
- It is disclosed to each Customer whose order may be aggregated that the effect of aggregation may work to that Customer's disadvantage in relation to a particular order; and
- Orders executed on behalf of Customers are promptly and accurately recorded and allocated.

If CCUK aggregates multiple Customer orders, all orders will be allocated fairly, including where an aggregated order is partially executed, taking into

account the volume and price of the Customers' orders. Where aggregation of two similar Customer orders is effected, the price and volume of each of the orders assist the Firm to determine, in the event of partial execution, the final allocation. If the combined order is not executed at the same price, CCUK may average the prices paid or received and then charge or credit Customer accounts with the average net price.

All aggregated orders will be recorded and allocated accurately and promptly and as soon as is reasonably practicable in the circumstances. CCUK will take all reasonable and appropriate steps to ensure that as little time as possible exists between execution and to facilitate the accurate and equitable allocation to mitigate any conflicts that may arise during this period.

Allocation and reallocation: Reallocation of transactions will be considered where the transaction has had a detrimental effect on the Customer in the circumstances or where unfair precedence has been given to the Firm's interests.

Appendix

Types of Order

Market Order: A Market Order is an instruction to buy or sell a financial instrument immediately in a specified size at the best available market price for that size. When a Customer places a Market Order, they acknowledge that such Market Order allows the Firm to execute the order at a price that is either better or worse than the Firm's quoted bid/offer price at the time the Customer places the order.

This order type does not allow the Customer any control over the price it will be filled at. Market Orders can be placed only during the trading hours of the underlying asset. Where there is insufficient liquidity available for the specified size, the Market Order may be partially filled while the remaining quantity will be cancelled by the system.

A Market Order can have Take Profit and Stop Loss Orders attached to it.

Limit Order: A Limit Order is an instruction to buy a financial instrument at no more than a specific price, or to sell it at no less than a specific price. This gives the Customer control over the price at which the Limit Order is executed. However, a Limit Order may never be executed (or filled).

A Limit Order will be triggered when the specific price is reached and will be executed provided there is sufficient liquidity available. In the event of insufficient liquidity, a Limit Order may be partially filled with the remaining quantity pending until it is fully filled or cancelled. Once a Limit Order is triggered, it will be executed at a level that is the same or better than the level specified by the Customer.

Limit Orders can have Take Profit and Stop Loss orders attached to it.

Stop Order: A Stop Order is an instruction to execute a Market Order when a price level (the "Stop Level") is reached that is equal to or worse than the current best price. When the Stop Level is reached, the Stop Order will trigger and a Market Order will be sent to execute the trade at the best price available at the time the order is placed at the quantity the Customer wishes to buy or sell. The execution price may be better or worse than the Stop Level that the Customer set, depending on the liquidity available and the size of the order. Stop Orders can be used to open or close a trade.

Stop Orders can have Take Profit and Stop Loss Orders attached to it.

Working Order: A working order is a general term applied to active Limit Orders or Stop Orders.

Take Profit Order: A Take Profit Order is a Limit Order (that can be attached to Working Orders, Market Orders or open positions) to close a position at a price that is better than the current price. This order type is primarily used to lock in profits from a position. Where a Take Profit Order is attached to a Working Order, it will be a contingent order that will become active once all or part of the Working Order has been executed.

Take Profit Orders will be filled at the predefined price or a better price. If a Take Profit Order is partially executed because there is insufficient liquidity at the price specified, the remaining part of the order will be active until the specified price level is reached again and more liquidity is available. A Take Profit Order will remain active until it is executed or removed, or the open position it is attached to is closed.

Stop Loss Order: A Stop Loss Order is a Stop Order (that can be attached to Working Orders, Market Orders or open positions) to close a position at a price that is worse than the current price. This order type is primarily used to limit the potential losses from an open position. If the Stop Loss level is reached, the Stop Loss Order is executed as a Market Order at the best price available for the quantity that the Customer wishes to buy or sell.

A Stop Loss Order will remain active until it is executed, removed or the open position it is attached to is closed. If a Stop Loss Order is partially executed because there is insufficient liquidity, the remaining part of the order will be active until the price level is reached again and more liquidity is available. The Firm does not guarantee that a Stop Loss Order will be filled at the price specified.

Guaranteed Stop Loss Order: A Guaranteed Stop Loss Order is a Stop Loss order that can be used to close a position at an exact price determined by the Customer that is worse than the current price. This order type is primarily used to limit the potential losses from an open position. There is a fee charged when the Guaranteed Stop Loss Order is triggered and executed.

When accepting a Guaranteed Stop Loss Order the Firm guarantees that, when the Firm's quoted Bid or Ask goes beyond the price specified by the Customer, the Firm will close the position at exactly the price specified. For the avoidance of doubt, an open position can be closed at the Customer's request before reaching the Guaranteed Stop Loss Order level. Guaranteed Stop Loss Orders may not be offered on all markets, or at certain times.

Trailing Stop Loss Order: A Trailing Stop Loss Order is a type of Stop Loss Order which automatically adjusts its Stop Level by a predetermined amount. If a Trailing Stop Loss

Order is attached to a Buy position and the market rises by the predetermined amount, the Stop Level will be increased automatically in steps as set by the Customer. If the market then falls, the Stop Level will remain at its new level. All other features of this order type are the same as a Stop Loss Order. Trailing Stop Loss Orders may not be offered on all markets, or at certain times.

For the avoidance of doubt, the Firm may introduce new types of orders from time to time by updating the current information on the Firm's website and trading platforms.