



## ORDER EXECUTION POLICY FOR RETAIL AND PROFESSIONAL CLIENTS



# **MARKETS.COM**

WHERE THE WORLD COMES TO TRADE

This Order Execution Policy for Retail and Professional Clients is effective from 29 July 2018 and shall remain effective until a more recent version is released. Safecap reserves the right to amend or supplement this Policy at any time. This Policy does not replace our Investment Services Agreement (Terms and Conditions of Trading) which we ask that you read carefully before you enter into any trading. The prevailing version of this Policy is always available on our website [www.markets.com](http://www.markets.com).



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This Policy forms part of our Investment Services Agreement (the “Agreement”). Capitalized terms in this Policy shall have the meaning ascribed to them in the Agreement, unless otherwise defined herein. This Policy sets out how we seek to provide you with Best Execution when you trade with us. You must read this Policy carefully before you enter into any trading with us. If any terms of this Policy are unclear to you, you should seek independent legal advice. Please contact us for any questions you may have by using the [Online Contact Form](#).

Safecap Investments Ltd (“Safecap”) is a regulated investment services firm, authorized in the conduct of its activities by the Cyprus Securities and Exchange Commission (“CySEC”) under license number 092/08. Safecap is also authorized by the Financial Sector Conduct Authority (“FSCA”) in South Africa as a Financial Services Provider under license number 43906. Safecap is located at 148 Strovolos Avenue, 2048 Strovolos, P.O.Box 28132 Nicosia, Cyprus.

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**Risk Warning:** Trading Foreign Exchange and Contracts for Difference is highly speculative, carries a high level of risk and is not appropriate for every investor. You may sustain a loss of some or all of your invested capital, therefore, you should not speculate with capital that you cannot afford to lose. Please ensure that you fully understand our Risk Disclaimer available at <http://www.markets.com/risk-disclosure-statement>

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## 1. INTRODUCTION

Safecap Investments Limited (“Safecap”, the “Company”, “we” or “us”) is a Cyprus Investment Firm licensed and regulated by the Cyprus Securities and Exchange Commission (“CySEC”) under license number 092/08 and by the Financial Services Board in South Africa with license number 43906.

## 2. SCOPE

This Order Execution policy (the “Policy”) provides an overview of how we execute orders on behalf of clients and the factors that can affect the cost and timing of execution. It also describes the way in which market volatility impacts the handling of orders for buying or selling Contracts of Difference (“CFDs”).

## 3. APPLICABILITY

This Policy applies to Safecap’s execution of orders on behalf of Retail clients and Professional clients according to the Regulations, as defined below. It does not apply to you if you are an Eligible Counterparty as defined under the Regulations.

Upon acceptance of a client order and when there is no specific client instruction regarding the execution method, Safecap will execute an order in accordance with this Policy.

## 4. OUR COMMITMENT

Treating Customers Fairly is central to our corporate culture and ethos.

We have a duty to act honestly, fairly, professionally and in the best interests of our clients when dealing with them.

In relation to order execution, we are required to take all sufficient steps to obtain the best possible result when executing client orders or when transmitting orders to other entities or venues to execute. We understand the best possible result as being the one that delivers the best possible overall price for clients (including costs) within the soonest possible execution timeframe.

## 5. LEGAL AND REGULATORY FRAMEWORK

This Policy is issued pursuant to, and in compliance with the requirements of Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU (“MiFID II”), the Law of the Republic of Cyprus No 87(I)/2017 regarding the provision of investment services, the exercise of investment activities and the operation of regulated markets which transposed MiFID II into Cyprus legislation and the Investment Services and Activities and Regulated Markets Law of the Republic of Cyprus Law No 144(I)/2007 to the extent it remains applicable after coming into force of MiFID II.

Furthermore, this Policy complies with Section 9 of the Questions and Answers Document of the European Securities and Markets Authority (“ESMA”) issued on 11 October 2016 with reference ESMA/2016/1454 with respect to the provision of CFDs and other speculative products to retail investors.

In this Policy, we collectively refer to all the above legislations, regulations and guidelines as “Regulations”.



## 6. INVESTMENT SERVICES AGREEMENT

This Policy is provided to you to help you understand, as a potential or actual client of Safecap, how we execute your trading orders, and the capacity in which we deal with you, so you can make an informed decision as to whether to use, or continue to use, our services. You must ensure that you have read and understood the contents of this Policy before you commence any trading with us.

When you agree to the terms of the Agreement, you will be deemed to have agreed to the terms set out in this Policy.

***This Policy forms an integral part of the Agreement and other terms and policies that govern your relationship with us. As a pre-requisite of opening and maintaining a trading account with us, you must agree to and accept and consent to the terms of the Agreement. By doing so, you also agree to the terms of this Policy. Further information on order execution, including Safecap’s market making function, can be found in the Agreement available on our [website](#).***

## 7. OUR SERVICES IN CONTRACTS FOR DIFFERENCE AND THE SOURCE OF OUR PRICES

We enable you to trade CFDs via the following trading platforms:

- a. Markets.com Web Trader
- b. Markets.com Mobile Trader
- c. MetaTrader 4 (MT4)
- d. MT4 Mobile
- e. MetaTrader 5 (MT5)
- f. MT5 Mobile
- g. Sirix Webtrader

CFDs relate to underlying asset classes and financial instruments, which we explain herebelow:

Asset Class	Examples of financial instruments in the specific asset class
Foreign Exchange (“FX”)	EUR / USD; GBP / USD ; EUR / CHF
Commodities	Crude Oil; Gold; Silver; Cotton No 2; Wheat; Natural Gas
Indices	USA500 Futures; UK100 Futures; Germany30 Futures, USA30 Futures
Shares	Facebook; Apple; Amazon; VISA; Siemens
Bonds	10-Year US Treasury Note Futures, UK Gilt Futures, 30-Year US Treasury Bond Futures
Exchange Traded Funds (“ETF’s”)	ChinaAMC CSI 300 Index, SPDR Dow Jones Industrial Average, iShares MSCI South Korea
Cash Indices	USA500, UK100, Germany30, Spain35, USA30.
Blend	a CFD where the underlying assets are comprised by a certain number of Financial Instruments of different issuers, determined by the Company. Example: US Tech Blend (comprised by Apple, Microsoft, Google, Intel, IBM)
Cryptocurrencies	Bitcoin; Litecoin; Dash; Ethereum
IPOs Grey Market	For IPO instruments please visit our website

The instruments available may vary in each of the above trading platform. Certain exchanges and digital exchanges may impose intraday price movement limits on trade which may result in trading suspension of trading and/or stoppage of price feeds and/or a general trading halt and/or to the inability to place or close orders. This may be a result of the imposed intraday price movement limits or due to technical issues. Such limitations often apply, in particular, to the exchanges from which we source our prices for CFDs in Cryptocurrencies. By trading with us, you



accept the risks associated with the above, including the risk of inability to place or close your trading Orders as a result of such trading suspensions or halts.

Note that when trading CFDs where the underlying asset is a Cryptocurrency, you should be aware that:

- a. Cryptocurrencies are not recognized as Financial Instruments for the purpose on MiFID
- b. Cryptocurrencies are traded on non-regulated decentralized digital exchanges. This means that the price formation and price movements of the Cryptocurrencies depend solely on the internal rules of the particular digital exchange, which may be subject to change at any point in time and without notice. In addition, such digital exchanges may introduce trading suspensions or take other actions that may result in suspension or cessation of trading on such exchanges or the price and market data feed becoming unavailable to us. The above factors could result in material adverse effect on your open positions, including the loss of all of your invested amounts.
- c. Cryptocurrencies are exposed to high intra-day price volatility, which may be substantially higher compared to Financial Instruments recognized under the MiFID. Therefore, by trading CFDs in Cryptocurrencies you accept a significantly higher risk of loss of your invested amounts which may occur within a very short time frame as a result of sudden adverse price movements of the Cryptocurrencies.

### 7.1. The basis of your dealing with us

When you enter into any order to Buy or Sell a CFD on our online trading platforms, you trade with us as our counterparty. Safecap acts as a market maker and we are the Principal to each trade that you enter.

This means that:

- a) We are always the counterparty to your transactions.
- b) You may only close each position you trade in with us.
- c) Your position is not transferable to any other regulated investment firm. This is a major difference to when you trade for example in Shares. In such cases, you can move your holding in Shares to be traded through another investment firm – broker. In CFDs, you can only trade / close your position with the investment firm – broker you initially opened your position with.
- d) As a market maker we derive our income from:
  - i. Spreads
  - ii. Overnight Rollovers (Swaps)
  - iii. Market making depending on market conditions

If you make profits on your trading, we lose. If you register losses on your trading, this means we profit. Exceptions apply in cases that we are hedging transactions either by transferring your trades under STP (Straight through Processing) or manually hedging individual positions at our discretion. In those cases our profits are derived solely by the difference in the Spread we offer to you and the spread our liquidity providers offer to us.

We seek to provide you with Best Execution as part of our policy of managing any potential conflicts that arise from this Principal trading capacity that we deal with you. Our full disclosure of the basis of our dealing with you is also part of our approach to managing potential conflicts of interest that may arise from this dealing capacity as set out in our Policy for Managing Conflicts of Interest.

### 7.2. Our Prices and where we source these from

We quote a two-way price for each CFD we offer.

This two-way price consists of a **Bid** (the lower price which is the price at which you as a client may “**Sell**” the CFD) and an **Ask** (higher price which is the price at which you as the client may “**Buy**” the CFD).

The difference between our Bid and our Ask price is commonly referred to as our “**Spread**”. We aim to ensure our Spreads contribute towards delivering competitive Bid and Ask prices to you. The Spread includes our costs for the services we provide to you.



Our Spreads are variable. We publish our Spreads on our website and these may differ depending on the trading platform. For more information please refer to paragraph “Trading Conditions” below.

A variable Spread means that the Spread will vary throughout the day, depending on market volatility and available liquidity. They represent the best bid and ask prices we are able to obtain from our liquidity providers, underlying regulated markets or other data feed providers. Variable Spreads have a minimum value set by us, meaning that the Spread can be as low as certain pre-determined level and can fluctuate above that level according to market conditions. These minimum values are published on our website as mentioned above.

We have the right to change Spreads to reflect periods of actual or potential increased market volatility in the prices of underlying financial instruments or other market volatility caused by political or economic events.

Our CFD prices are proprietary prices which are derived from the prevailing (“published”) market prices of the underlying financial instruments in the relevant markets in which the underlying instruments maybe traded in or from other applicable third – party data vendor sources. We take all sufficient steps to source the best possible prices for our clients. Our prices are therefore usually sourced as follows:

Asset Class	Source of the underlying CFD price
Foreign Exchange (“FX”)	Based on price feeds from global investment banks and other liquidity providers
Commodities	Based on published prices from underlying commodity exchanges
Indices	Based on published prices from underlying regulated stock exchanges
Shares	Based on published prices feeds from regulated stock exchanges
Bonds	Based on published prices from underlying regulated stock exchanges
Cash Indices	Based on published prices from underlying regulated stock exchanges
Cryptocurrencies	Based on price feeds from underlying cryptocurrency exchanges
IPOs Grey Market	Based on the valuation of the company and liquidity terms on our platforms

Where we offer you a Blend CFD, the initial value of any such CFD (the “Initial Value”) at which you can acquire it shall be determined by us in our sole discretion. Although the Initial Value shall be determined by us based on the mid-market price of the constituent Financial Instruments of the Blend CFD, it shall not be equal to such market price but shall rather be determined by us as a certain percentage of the respective mid-market prices of the constituent Financial Instruments, to which our Spread shall be added. Therefore, you shall be able to buy a Blend CFD at a lower price compared to the price of our ordinary CFDs. The date at which we determined the Initial value of a Blend CFD shall be considered as a “Reference Date”.

Each of the Financial Instruments comprising a Blend CFD shall be allocated by us, at our sole discretion, a performance weighting (the “Performance Weighting”), expressed in percentage points. After you buy our Blend CFD, its subsequent value shall be determined by multiplying the Initial Value by the market price changes of the constituent Financial Instruments (expressed in percentage with a reference to the Reference Date) multiplied by the Performance Weighting of the relevant Financial Instrument in the relevant Blend CFD. For example:

**Example:**

Blend CFD Reference Date = 31 December 2017 at 20:00 GMT  
 Blend CFD constituent Financial Instruments: Shares A and Shares B  
 Mid-market value of Shares A at Reference Date = 400 USD, Mid-market value of Shares B at Reference Date = 500 USD  
 Initial Value of Blend CFD determined by us = 100 USD, being the price at which you can initially acquire the Blend CFD  
 Performance Weighting of Shares A (determined by us) = 70%  
 Performance Weighting of Shares B (determined by us) = 30%  
 Market movement of Shares A at 5 January 2018 against the Reference Date = 8%  
 Market movement of Shares B at 5 January 2018 against the Reference Date = -3%  
 Performance of Shares A in your Blend CFD, weighted at 70%, represents 5.60% (being 70% of 8)  
 Performance of Shares B in your Blend CFD, weighted at 30%, represents – 0,90% (being 30% of -3)  
 Total performance of your Blend CFD on 5 January 2018 is equal, therefore, to 4,70%.  
 The value of your Blend CFD on 5 January 2018 shall be therefore equal to USD 104,70.



liquidity provider. The pricing in the duration of the asset's offering, shall be determined by us based on the valuation of the company undergoing an IPO and the available liquidity on our platform.

The market price will be derived from and will be fluctuating based on any updates of the company's estimated market valuation, derived from any publicly available information regarding the company related to the number of outstanding shares and the pricing of the IPO. As a market maker for this Grey Market offering we shall quote Bid and Ask prices based on the demand and supply on our platforms as well as any market news affecting the upcoming IPO. The Final Value will be based on the Closing Print (Closing Price x Number of Shares) at the end of the session on the date of the IPO.

Grey Market CFDs shall be available in the days or weeks prior to the IPO of a given company, up until the end of the day of the official IPO date. Information on the exact dates and available CFDs may be found on our website.

With respect to the below Asset Classes where there is no organized / regulated market from which prices can be sourced:

- a. Foreign Exchange - we ensure we source price feeds from global investment banks and other major price feed providers.
- b. Cryptocurrencies - we ensure to derive our market and pricing data from reputable digital decentralized exchanges the Cryptocurrencies are traded on.
- c. IPOs Grey Market – we ensure to quote pricing that is as representative as possible of a company's IPO valuation based on all and any publicly available information.

Safecap receives price feeds from a number of reputable liquidity providers or price feed providers. Having multiple liquidity providers is important especially during times of high volatility or other abnormal market conditions in order to be able to offer competitive prices to clients. A list of the feed providers used by Safecap is available as an Appendix to this Policy.

We review our choice of data providers at least annually in order to assess their suitability for the purposes of this Policy.

Safecap applies a standardized method of calculation to all CFD products to ensure that the price it is offering at any given time is always considered fair and the best price it can obtain on the client's behalf. Safecap will monitor the calculation method to ensure that it is applied consistently at all times.

Once we have received a market price, we then add our Spread in order to arrive at our published Bid and Ask prices. The final published price is determined by our pricing mechanism by taking the market median price  $((\text{Bid} + \text{Ask})/2)$  and adding our spread symmetrically to both sides (i.e. to Bid and Ask).

As a result of all these factors, our published prices will be close to but will generally not be the same as the underlying market Bid/Ask prices. The Company will not quote any price outside the Company's trading hours as indicated on our website.

Safecap will check the fairness of the price proposed to the client, by gathering market data used in the estimation of the price of such product and, where possible by comparing with similar or comparable products.

#### **7.4. Order Handling**

Trading and order execution is available between designated hours as set out on our trading platforms ("Trading Hours") and as indicated on our [website](#).

During the Trading Hours, clients may place trades and orders on our trading platforms. Please note that your orders may only be triggered / executed during the Trading Hours specified in the trading platforms for each CFD.





All active orders (whether against open positions as stop-loss or take-profit (limit) orders) are executed based upon the published price as quoted by us. A Sell order will be triggered with the Bid price and a Buy order will be triggered with the Ask price. A Buy order will be triggered if our Ask price reaches or exceeds the specified order price. The types of orders we offer on our trading platforms and their characteristics are set out further below. You must familiarize yourself fully with these before you enter into any trading.

#### **7.5. Triggering of Orders Outside Trading Hours**

Orders will not be monitored or executed outside of the Trading Hours. For the underlying instruments which continue to trade outside our Trading Hours, the price at which the order may be executed on the resumption of trading may be substantially different to your specified order price due to the price changes on the market occurring prior to our Trading Hours.

#### **7.6. Orders placed via phone**

In case the client is unable to access his/her online trading platform, a client may place an order with the Company by calling the Company's Dealing Desk. Dealing Desk is available during Trading Hours only. When placing an order via phone, in order for the Company to ensure orders are received from the actual owner of the trading account, the client will be requested to provide the account number and additional identification information provided at the time of registration of his/her trading account with us (as amended or supplemented by the client from time to time). The client should always have the aforementioned information readily available in order to avoid delays in the identification process. The Company shall not be responsible for any losses the client might incur as a result of any delays in order execution caused by the client failing to provide the aforesaid information.

### **8. EXECUTION VENUES**

Execution Venues are the entities with which the orders are placed or to which the Company transmits orders for execution. For the purposes of the orders submitted to the Company by the client, as mentioned above, the Company acts as Principal on the client's behalf at all times. Even where the Company transmits the orders for execution to third party liquidity providers, the Company remains the sole counterparty to your trades. Therefore, the Firm is the sole Execution Venue for clients' orders.

By accepting this Policy, the client acknowledges that the orders placed with the Company are not undertaken or executed on a regulated market or multi-lateral trading facility (MTF) but are executed on an Over the Counter ("OTC") basis through the Company's trading platforms and, accordingly, the client may be exposed to greater risks. The Company may not be able to execute an order or it may change the opening/closing price of an order in cases of technical failure of the trading platform or the feed quotes received.

### **9. HEDGING ARRANGEMENTS**

As mentioned above, the Company acts as the main execution venue, as principal and the sole counterparty in all client orders. Solely for risk mitigation purposes (but not with respect to sourcing price data), the Company uses several liquidity providers with which it may hedge some or all of its exposure in certain assets in accordance with its hedging strategy, thereby transferring the market risk to another counterparty. The prices that we shall make available to clients under this model will not be affected by the hedging arrangements from the selected liquidity providers.



## 10. BEST EXECUTION

### 10.1. What does Safecap mean by 'Best Execution'?

Best Execution is the process by which Safecap seeks to obtain the best possible result when executing client orders. The definition of best possible result will vary as we may take into account a range of execution factors and determine their relative importance based on the characteristics of the respective client, the order size, the orders that we receive and the underlying Financial Instruments for which we offer trading on Contracts for Difference. Prices and costs carry the highest importance when executing transactions for our clients.

These Execution Factors and the relevant importance/criteria we place on them, depending on the circumstances of the clients and the order, are as follows:

Factor	Explanation	Importance
Price	The market price at which the order is executed. Please refer to the relevant sections in this Policy for information on how we determine our prices.	High
Costs	Any additional charges that may be incurred in executing the order in a particular way over and above Safecap's Spread.  Please refer to the relevant section in this Policy for information regarding the costs and charges. The costs are not incorporated in the Company's quotes price for all types of instruments offered by the Company.	High
Size	The way that Safecap executes an unusual order (for example, one that is larger than the normal market size) may differ from the way it executes a standard order.	High
Speed of Execution	This can be particularly important in fast moving markets.  Please refer to the relevant sector in this Policy for Speed of Execution and Latency for more information.	High
Likelihood of execution and settlement	We rely on third-party feed providers for prices and/or available volume of the different financial instruments we offer. Therefore, the execution of Client's orders will depend on whether there are prices and/or liquidity available at the time these orders are received.	Medium



Factor	Explanation	Importance
Market impact	The effect that executing a client's order, or showing it to other market participants, might have upon the market	Medium
Other factors relevant to particular order types	May vary depending on the circumstances	As applicable

The relative importance of these factors can vary between different CFDs. Although we endeavor to provide the best possible execution after having taken into account the above factors, we cannot absolutely guarantee to you that the price that we make available to you at the time of opening or closing a CFD with us will always be better than one which is or might have been offered elsewhere.

When Safecap executes orders on behalf of clients, Best Execution is determined on the basis of the total consideration paid to or by the client, unless the objective of execution of the order dictates otherwise. Total consideration is the price of the CFD in the underlying Financial Instrument and the costs related to execution of the order, including all expenses incurred by the client which are directly related to the execution of the order such as venue execution fees, clearing and settlement fees and any other fees paid to third parties involved in the execution of the order. When assessing whether the best execution has been achieved, Safecap does not take account of its standard charges that will be paid by the client irrespective of how the order is executed.

Although we take all reasonable efforts, where we use an external counterparty as our liquidity provider, we will not be obliged to enter into any transaction with the client if in doing so we may be at risk of exceeding the liquidity available to us in the underlying market. For larger transactions, we may add an additional mark up or mark down and / or charges to our prices.

If a client undertakes repeated transactions, Safecap will view them on a cumulative basis for the purpose of determining such additional mark up and / or charges.

## 10.2. When does Best Execution not apply?

Best execution does not apply:

- Where we receive specific client instructions to trade at specific terms. Such instructions may prevent the Company from taking the steps that it has 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. Where the specific instruction only applies to part of that order, the remaining parts of the order will be subject to this Policy
- To clients who are classified as Eligible Counterparties in accordance with the Company's Client Categorization Policy.
- Where other Laws and regulations may prevail

## 10.3. Best Execution Monitoring and review

Safecap has processes and procedures in place to monitor the quality of execution to ensure it obtains the best possible result for its clients. We monitor and compare our prices against other major competitors and the speed of our execution as well as the symmetry of slippage.

The Company's compliance department and internal audit perform on an ongoing a regular basis and at least annually additional independent reviews to ensure the effectiveness of the above processes. From these reviews, any recommendations for improvement are then implemented to ensure that the Company meets its best execution requirements on an ongoing basis.



#### 10.4. Trade Sizes

For every CFD we offer, we attach a minimum and a maximum trade size. These trade sizes are reviewed by us frequently. The sizes vary depending on current market conditions affecting the underlying instrument as well as our risk management for overall exposures and hedging capabilities on certain assets.

Safecap reserves the right to place a cap on the number of transactions it enters into in relation to a Financial Instrument and/or limit on the total net position value for specific instruments subject to its Risk Management policy and in case of high volatility or low-liquidity assets. To this extent, the Company reserves the right to decline an order as mentioned above.

More information can be obtained from our trading platforms or by contacting us using the [Contact Page](#) or [Live Chat](#).

#### 10.5. Slippage

It is important to note that we cannot guarantee the execution price of orders, that is, such prices are non-guaranteed (unless otherwise explicitly stated). We endeavor to execute orders at or close to the specified order price. Due to price movements in the underlying Financial Instruments, it is possible that our prices may move quickly and erratically from one level to another. This is known as gapping and can arise in periods of low liquidity and high volatility (such as, for example, after a profit warning by a corporate in whose shares you may be invested in via the CFD or immediately after the release of economic data).

You should be aware of the following risks associated with volatile markets, especially at or near the open or close of the standard trading session:

- Execution of your order at a price which is substantially different from the quoted Bid or Ask price or the last reported price at the time of placement by you of an order, as well as partial executions or execution of large orders in several trenches/transactions at different prices.
- Opening prices may differ substantially from the previous day's close.
- System capacity constraints applicable to exchanges, data vendors as well as to Safecap.

Safecap is obligated to take necessary steps to keep an orderly market in any of the underlying Financial Instruments for which it offers CFDs in order to mitigate effects of slippage. Safecap cannot be held liable for price slippage caused by Safecap acting so as to keep an orderly market.

#### Examples of Slippage

##### Example 1:

Assume that you place a Market Order to Sell EUR/USD at 1.11352.

During Non-Farm Payroll News, the price of EUR/USD rises significantly reaching 1.11527 and this is the price that then becomes available.

In such case, you will receive the price of 1.11527 instead of the price initially requested (this is a positive slippage since you received a better price than the price you requested). You will not receive a reject in market execution, unless a Spread Limitation occurs as described further below.

##### Example 2:

Assume that you place a Market Order to Sell EUR/USD at 1.11352.

During Non-Farm Payroll News, the price of EUR/USD drops significantly reaching 1.11121 and this is the price that then becomes available.

In such case, you will receive the price of 1.11121 instead of the price initially requested (this is a negative slippage since you receive a worse price than the price you requested). You will not receive a reject in market execution, unless a Spread Limitation occurs as described further below.



## 10.6. Speed of Execution and Latency

Fast order execution is critical to ensure that orders are executed accurately. Latency – being any delay or lapse of time between a request and a response - can potentially cause delays and lead to orders being executed at the next available price either in favor or against the client depending on the price.

The flow of market-pricing data originates at the underlying exchange or marketplace. Price data is then transferred to our trading platform and then communicated to you. Streaming data-transfer speeds are typically measured in milliseconds from origin to you. The latency that occurs on average is 1.5 seconds but could be as much as 6 seconds.

Excess latencies can be present in the following parts of the data stream, impacting the order routing and execution process:

- Exchange or market based servers
- Our servers
- Company Internet connectivity
- Client internet connectivity and speed
- Client computer hardware and software

We seek to manage latency challenges as follows:

- Continuous assessment of current feed providers
- Seeking new feed providers to minimize issues occurring from price latency or quality.
- Cooperating with multiple providers of high internet bandwidth
- The Company applies a delay in the order execution of orders which is defined per asset and it is on average at 1.5 seconds. The maximum delay is 6 seconds.

## 10.7. Costs and charges

### 10.7.1. Spread Cost

The Spread is in effect your cost for opening a new position/placing a new order. There are no extra commissions charged.

### 10.7.2. Currency Conversion

Investing in CFDs with an underlying asset listed in a currency other than your base currency entails a currency risk. Due to the fact that when the CFD is settled in a currency other than your base currency, the value of your return may be affected by its conversion into the base currency.

### 10.7.3. Overnight Rollover (Swap)

A daily overnight rollover charge will apply to each open position if it is held overnight. The overnight rollover is charged daily at 22:00GMT (21:00GMT during DST) on all positions left open until that time. The method of calculation of the overnight charge varies according to the type of underlying asset or Financial Instrument to which the CFD applies. Moreover, the amount of the overnight charge will vary between different assets as it is linked to interest rates related to each asset and in addition to an extra financing charge defined by us.

Financing Charge used by the Company:

The Financing Charge is set at 4% on all instruments across all platforms

#### **Example:**

$(2.08788\% - 0.6246\% - 2.5\%) * 1.31583 * 100,000 * 4/360 = \text{USD}$   
You will pay for 4 days an overnight rollover of 15.16 USD



### **CFD Expiration Rollover:**

Where the underlying instrument of a CFD is a Future or similar instrument (but excluding any Cash Index CFDs), there will be an expiration date. However, you should be aware that CFDs are not traded up until the exact expiration date of the underlying instrument. Instead, CFDs are rolled over to the next underlying Future Price on the last Friday (or, in the case of CFDs in Cryptocurrencies, Thursday) before the official expiration day (except in cases of when it falls on a Friday when the markets are closed or due to low liquidity and volume). This is known as the Expiration Rollover.

The price difference between the price of the expiring Future contract underlining your original CFD Order as at the expiration date and the price of the rolling over (new) Futures contract underlining your effectively new CFD Order (being the next underlying Future price referred to above) will be debited/credited to your Account by means of negative/positive adjustments into your Account, relative to the size of your order. Whenever an Expiration Rollover occurs, we will charge you an amount (which will be include within "Swap" or "Expiration Rollover" charges depending on the trading platform you are using) which shall be equal to the Spread of the CFDs being rolled-over. This effectively aligns to the cost that you would have incurred if your CFD Order would have been closed on the expiration date and you would open a new CFD Order based on the new Future contract. These charges (included in the "Swap" or "Expiration Rollover" charges depending on the trading platform you are using) shall be determined by us from time to time, in our absolute discretion. We shall subtract such charges from your Account without your prior consent having regard to the disclosures made herein.

Any stop loss/take profit, entry stop or entry limit orders attached to your original CFD Order in the underlying Future contract before it is rolled over, will be adjusted to symmetrically (point-for-point) reflect the price differences between the expiring underlying Future contract and the new CFD Future contract that your position will be automatically rolled over into. New stop loss/take profit levels will therefore automatically symmetrically apply to the new CFD Future contract, based on the distance you selected for such loss/take profit levels for the original CFD Future contract.

We will exercise our best effort to inform clients about any projected expiration of instruments by pop-up notifications, email or through our website. However, note that we cannot provide adjustment information about the rollover in advance and before the adjustment occurs. Therefore, clients with open positions who do not wish to have their positions rolled over into the new tradable contract should close their position(s) and/or cancel Orders before the rollover date and open a new position afterwards.

### **The formula used by Safecap for calculating the Rollover Charge:**

- MT4 and MT5 Platforms / Sirix:  
 $(\text{Lots} \times \text{Contract Size}) \times [(\text{New Contract} - \text{Old Contract Price}) + \text{Spread}] + \text{Overnight Rollover}$
- MT5 Platforms  
 $(\text{Lots} \times \text{Contract Size}) \times [(\text{New Contract} - \text{Old Contract Price}) + \text{Spread}]$
- Markets Web / Mobile Trader:  
 $\text{Quantity} \times [(\text{New Contract} - \text{Old Contract}) + \text{Spread}]$

### **General rules:**

$\text{New Price} < \text{Old Price} = \text{Credit for Long Positions/Debit for Short Positions}$

For full information on our Overnight Rollover charges please refer to the Section "Trading Conditions" below.

### **10.7.4. Conversion fees**

Conversion fees will apply only when your account currency is different than the quoted currency of the underlying asset being traded. The fee will be reflected as a percentage of the conversion rate used. This will affect any conversions



made on the Used Margin, Profit and Loss, Overnight Rollovers (Financing), CFD Rollovers and adjustments for Corporate Actions (such as Dividends and Splits).

As an example, if the account currency is US dollars and you open a position on a Euro quoted asset (i.e. Germany30) your Used Margin is converted in US dollars. The conversion will include a fixed percentage on the conversion rate applicable at the time as a mark-up.

The conversion fee is set at 0.3%.

**Example:**

Let's assume that your account is denominated in GBP and you want to open a position on Crude Oil CFD which is quoted in US dollars. If the required margin for this position is \$1,000 it will be converted in GBP in the following way:

If,

Used Margin Conversion Fee: 0.3%

GBP/USD Mid-price: 1.3320

At the time of position opening, Used Margin will be converted to GBP with the following rate:

$$1.3320 - 1.3320 * 0.3\% = 1.3280$$

$$\text{Used Margin} = \$1,000 / 1.3280 = 753.01 \text{ GBP.}$$

## 10.8. CFDs in Cryptocurrencies

**10.8.1.** We may, at our sole discretion, by giving you at least 3 (three) days' notice, set an expiration date for CFDs in Cryptocurrencies. Such a date, if set by us, shall be the date falling at least 7 (seven) days after (but excluding) the date of opening by you of a position in such a CFD. Where we set an expiration date for CFDs in Cryptocurrencies under this Section 10.7.2, unless you close your position in any CFD in Cryptocurrency before its expiration date, such a position shall be closed by us (and you hereby authorize us to do so) at our prices at that date, having regard to our best execution obligations that owe to you. For example, the calculation of the 7 days' expiration period shall be as follows:

- where you opened your CFD position before 21:00 GMT (summer time)/22:00 GMT (winter time), your position shall expire on 21:00 GMT (summer time)/22:00 GMT (winter time) on the seventh day after the date of opening of the position;
- where you opened your CFD position after 21:00 GMT (summer time)/22:00 GMT (winter time), your position shall expire on 21:00 GMT (summer time)/22:00 GMT (winter time) on the eighth after the date of opening of the position.

**10.8.2.** Safecap shall have a right, acting reasonably and in response or in anticipation of market volatility, to change the features and product characteristics of any CFDs in Cryptocurrency products offered by Safecap, by giving you at least 3 (three) calendar days' prior notice or any such shorter notice if we deem it necessary, acting reasonably, in light of the prevailing market conditions. Such changes may include, but are not limited to, the change of the 7 days' expiration period for our CFDs in Cryptocurrencies to any shorter or longer period or the introduction or amendment or termination of any other features applicable to such CFDs. It is understood and agreed that any changes introduced by us hereunder shall apply to all of your trades in CFDs in Cryptocurrencies, whether Buy or Sell, and shall apply also to all of your positions in CFDs in Cryptocurrencies, including those positions that exist as at the effective date of any notice of change that we may give to you hereunder.

## 10.9. Negative Balance Protection

We offer to all of our clients Negative Balance Protection. This means that a client will never lose more than the invested capital.

The negative balance protection limits your aggregate liability for all CFDs connected to your account, ensuring that your maximum losses from trading CFDs, including all related costs, are limited to the total funds that are in your



account. This includes any funds yet to be paid into your account due to net profits from the closure of open CFDs connected to the account.

In the event of a sudden movement or gap in the price of the CFD on which you have open positions, your Margin Level might suddenly fall below the 50% level without the system being able to liquidate your position at that level. Your position will be liquidated at the next available price at a lower Margin level resulting in a negative balance in your account. In this case, the negative balance will be returned to your Account.

For example, if you have a balance of \$100 and you open a position of 2,000 EUR/USD at 1.0740.

Your Used Margin will be \$71.60. Your Margin Level will be at 139%.

After a sudden movement if your Loss becomes \$110, this means that your Equity will become -\$10 and your position will be automatically closed since the Margin Level will be -14%. Your balance will become negative -\$10.

This amount will be returned to your Account as we offer Negative Balance Protection to you.

## 11. TYPE OF ORDERS

### 11.1. MARKETS.COM MOBILE/WEB TRADER

#### 11.1.1. Market order

With a market order the client instructs us to execute a trade of a certain size as promptly as possible at the prevailing market price. We are required to execute market orders without regard to price changes.

Therefore, if the market price moves significantly during the time it takes to execute a client's order, the order will most likely be exposed to the risk of execution at a different price from the price when the order was entered (i.e. slippage).

Market Orders in the Markets.com Mobile/Web Trader are subject to a slippage limitation as described below.

#### 11.1.2. Slippage Limitation

A Slippage Limitation is a trigger event, determined by us as a percentage of the underlying instrument's spread, upon occurrence of which the Market order will be rejected. This limitation is placed for the clients and the Company's protection so as, in cases of high volatility, to avoid the execution of an order at a price significantly different than the price specified in the order.

If the difference of the price you requested and the current market price is within the limitation, you will always receive the market price. If the difference is more than the limitation, your order will be rejected.

Slippage Limitation, under our culture and policy of Treating Customers Fairly, always apply symmetrically.

#### Example:

Assume a limitation of 1000%.

You enter a Market order to buy EUR/USD at 1.1155. The spread on EUR/USD is 2 pips (0.0002). If the price during an important announcement (such as for example a Non-Farm Payroll announcement) jumps by more than 20 pips, your order will be rejected.

However, if the change in the price is less than 20 pips, this will be considered "normal" and your order will be executed at the available market price. If for example EUR / USD moves to 1.1162, your order will be executed at this price.





**We note that the Slippage Limitation does not apply in the MetaTrader 4 (MT4), MT4 Mobile, MetaTrader 5 (MT5), MT5 Mobile and Sirix Webtrader platforms.**

### **11.1.3. Pending Orders**

All types of pending orders specified in this paragraph are executed at the market price which can be different from the price specified in the order.

#### **11.1.3.1. Entry Limit Order**

With an entry limit order, the client sets the maximum purchase price, or minimum sale price, at which the order is to be executed. Once the market price reaches such an entry limit price the order will be triggered and executed at the limit price or better. As a limit order may be entered at a price which differs from the current market price, it may not be executed immediately. A client that leaves an entry limit order must be aware that he/she is giving up the certainty of immediate execution in exchange for the expectation of getting an improved price in the future. In case the client account does not have enough funds for opening the position, the pending order will be rejected and automatically deleted by the system.

#### **11.1.3.2. Good till Cancelled ("GTC")**

Good till cancelled is a pending order, that by its terms, is set to remain valid indefinitely, or until filled or cancelled by the client or by the system in the event of no available funds.

#### **11.1.3.3. Entry Stop Order**

Different from an entry limit order, a stop order allows selling below the current market price or buying above the current market price if the entry stop price is reached or breached. An entry stop order is therefore a pending order until the stop price is reached or breached.

#### **11.1.3.4. Modification of Pending Orders**

The Client may modify a pending order including Stop Loss and Take Profit, before it is executed. However, a pending order may not be changed or removed if the price has reached the price level for the execution of the order. Pending orders cannot be modified outside of the designated Trading Hours.

## **11.2. META TRADER 4 (MT4) AND META TRADER 5 (MT5)**

### **11.2.1. Market order**

With a market order the client instructs us to execute a trade of a certain size as promptly as possible at the prevailing market price. We are required to execute market orders without regard to price changes.

Therefore, if the market price moves significantly during the time it takes to fill a client's order, the order will most likely be exposed to the risk of execution at a different price from the price when the order was entered.

### **11.2.2. Pending Orders**

All types of pending orders specified in this paragraph are executed in market price which can be different from the order price.

#### **11.2.2.1. Limit Order**

With a limit order, the client sets the maximum purchase price, or minimum sale price, at which the trade is to be executed. Once the market price reaches such limit price the order will be triggered and executed at the limit price or



better. As a limit order may be entered at a price which differs from the current market price, it may not be executed immediately. A client that leaves a limit order must be aware that he/she is giving up the certainty of immediate execution in exchange for the expectation of getting an improved price in the future. In case the client account does not have enough funds for opening the position, the pending order will be rejected and automatically deleted by the system.

#### **11.2.2.2. Good till Cancelled (“GTC”)**

Good till cancelled is a pending order, that by its terms, is set to remain valid indefinitely, or until filled or cancelled by the client or by the system in the event of no available funds.

#### **11.2.2.3. Stop Order**

Different from a limit order, a stop order allows selling below the current market price or buying above the current market price if the stop price is reached or breached. A stop order is therefore a pending order until the stop price is reached or breached.

#### **11.2.2.4. Trailing Stop Order**

The trailing stop order is a stop order as described above with the only difference being that, instead of setting a price at which the order will be activated, the trailing stop order is activated at a fixed distance from the market price. For example, if a client has a long open position with a trailing stop attached to it and the market Ask price increases, the trailing stop price will also increase and will trail behind the market Ask price at the fixed distance set by the Client. If the market Ask price then decreases, the trailing stop price will remain fixed at its last price set and if the market Ask price reaches the trailing stop price, the order will be executed. Due to market gapping, the best available price that may be achieved could be materially different to the price set on the trailing stop order, therefore, trailing stop orders are not guaranteed to take effect at the fixed distance for which they are set. This type of order is only available on our MT4 Platform and MT5 Platform.

#### **11.2.2.5. Modification of Pending Orders**

The Client may modify a pending order including Stop Loss and Take Profit, before it is executed. However, a pending order may not be changed or removed if the price has reached the price level for the execution of the order. Pending orders cannot be modified outside of the designated Trading Hours.

## **12. CANCELLATION OF TRADES AND CLOSURE OF POSITIONS**

The Company in certain cases is required to cancel your orders or close your open positions. The reasons for such actions are presented below.

### **12.1. Maintenance Margin and Margin Close Out**

Maintenance Margin refers to the minimum equity (i.e. funds) you need to maintain on your account with us in order to keep your positions open, this is also commonly referred to as “maintenance requirement” or “minimum maintenance margin”.

Our Margin Close Out level is currently 50%. This means that if your Margin Level falls below the Margin Close Out level of 50%, you will receive a stop out and your open positions will start liquidating, without any notice by us to you, starting from the position with the highest losses.

Clients need to ensure that they have sufficient funds in their trading account(s), at all times, in order to maintain their open position. All clients need to continuously monitor any open positions to avoid positions being closed due to insufficient funds being available on their account.



We have the right to change this Margin Close Out level at our discretion. For more information please visit our Leverage and Margin Policy.

### **12.2. Off-market price/spike**

In the event of an off-market price entering our system due to a technical issue or misquotation, should you open any position at such price, the Company reserves the right to cancel your position by closing it at the current price offered on the relevant trading platform and reversing any Profit or Loss generated from this action. In case your already opened position is closed at an off-market price, either by you or by automatic Stop Loss or Take Profit orders, or your position is liquidated as a result of the off-market price, the Company will reverse any Profit or Loss and re-instate your position at its initial opening price.

#### **Spike Mode:**

Spike mode is a tool that protects you from trading at off-market prices as well as against extreme widening of the spread.

The Spike mode is enabled once a pre-defined percentage between the last tick and the new tick is met. In order for the Spike mode to be disabled, a pre-defined number of ticks is required to be received. This enables the system to identify whether the price received is indeed in-market. The configuration of the settings may differ, based on the liquidity and volatility for each of the underlying asset.

In the event that the Spike mode is enabled, you will not be able to perform any trades based on that price until the system validates that the price is an in-market price. Once the price is validated, the Spike mode is disabled. This means that the next tick received will be accepted and you will be able to place trades at the new price.

### **12.3. Abusive trading**

As a result of the highly automated nature of delivering streaming, tradable prices, price misquotations and technical issues are likely to occur from time to time.

Should you execute trading strategies with the objective (in the Company's opinion acting reasonably) of exploiting such misquotations or technical issues, or act in bad faith, Safecap shall consider it as abusive behavior.

Should Safecap determine, at its sole discretion and in good faith, that you are taking advantage, benefiting, attempting to take advantage or to benefit from such misquotation or technical issues or that you are committing any other improper or abusive trading act such as for example:

1. fraud/illegal actions;
2. orders placed based on manipulated prices as a result of system errors or system malfunctions;
3. arbitrage trading, such as "Swap Arbitrage" "Latency Arbitrage" or "Bonus Arbitrage" on Prices offered by our platforms;
4. scalping trade or placing and closing orders or entering into positions for an arbitrarily short period of time;
5. arbitrage trading on prices offered by our platforms as a result of systems errors;
6. coordinated transactions by related parties in order to take advantage of systems errors and delays on systems updates;
7. entering into transactions or combinations of transactions (voluntarily and/or involuntarily) such as holding long and short positions in the same or similar instruments at similar times either by you or by you acting in concert with others, including (but not limited to) between accounts held with different entities, which, taken together or separately, are for the purpose of manipulating the trading platform for gain; or
8. abuse of Negative Balance protection by entering into hedged transactions between two accounts either held by you or by other clients of ours or of any other broker by utilizing fully your leverage engaging in essence in risk-free trading,



Safecap will have the right to close any open positions subject to such abusive behavior as described above or cancel any Profit or Losses that were booked as a result of you using abusive strategies as described above.

The Company reserves the right to take additional measures it deems necessary, depending on the circumstances and the severity of the abusive act, such as to:

1. restrict your access to streaming, instantly tradable quotes, including providing manual quotation only; introduce time delays of up to 6 seconds between your placing of the order and the order opening on the Electronic Trading Platforms (to prevent scalping); and/or
2. restrict your access to only certain assets; and/or
3. restrict leverage in specific assets or in the trading account, or
4. adjust the Spreads available to you; and/or
5. immediately terminate the Agreement.

### 13. CORPORATE ACTIONS AND ASSET MATERIAL ADVERSE CHANGE

If the price of a share CFD is affected by a corporate action being applied on the underlying financial instrument, the Company reserves the right to perform any necessary adjustments to the value and/or the size of the position held on the CFD, aiming to neutralise the economic effect of the corporate action on the CFD price.

The Company will take all reasonable steps to ensure that it has reflected all market conditions affecting the price of the underlying financial instrument. In the occasion where the Company is unable to fairly value the effect of the Corporate action or in case of the underlying financial instrument being delisted from the relevant exchanges, the Company reserves the right to proceed to closure of your positions at the last official mid-price quoted on the underlying exchange prior to the relevant Corporate action. In the event of a blend's constituent financial instrument being delisted or subject to a merger or acquisition we reserve the right to terminate any open position(s) on the Blend CFD and offer a new Blend where new constituent shares will be offered. In the event of a blend's constituent financial instrument being delisted or subject to a merger or acquisition we reserve the right to terminate any open position(s) on the Blend CFD and offer a new Blend where new constituent shares will be offered.

#### 13.1. Types of Corporate Actions

##### 13.1.1. Dividends

In case of dividend distribution by the issuer of the underlying shares in a CFD, cash adjustments are applied in order to neutralize the economic effect that this corporate action may have on the price of the underlying shares on the ex-dividend date.

Ex-dividend date refers to the date on which the underlying shares trade with no rights for dividend anymore. This is the date we make the adjustment described below.

If you hold a long position on the ex-dividend date, you will receive a dividend in the form of a cash adjustment. If you hold a short position on the ex-dividend date, you will be charged the dividend amount in the form of a cash adjustment.

##### Example:

APPLE dividend: 3.29USD per share

Ex-dividend date: 8th May

Clients holding a long CFD position will receive a positive adjustment and clients holding a short CFD position will receive a negative adjustment. Adjustments will be calculated as follows:

$$\text{Quantity (units) x dividend amount}$$

If you are holding a Long position of 300 units APPLE CFD, you will receive a positive adjustment of  $300 \times 3.29 = 987\text{USD}$

If you are holding a short position of 200 units of APPLE CFD, you will receive a negative adjustment of  $200 \times 3.29 = 658\text{USD}$



### 13.1.2. Dividends in relation to Cash Index CFDs

Cash dividends are applicable to Cash Index CFDs. An index consists of hypothetical portfolio of shares. If one of the issuer of the shares included in the index pays dividend, respectively the price of the index is affected. In order to neutralize the economic effect caused by the dividend payment, cash adjustments are applied in the accounts holding positions on that particular cash index in our MT5 platform.

If you hold a long position on the payment day, you will receive a positive dividend adjustment, and respectively a negative adjustment for short positions. Cash dividend adjustments are processed at 22:00 GMT (21:00 GMT during Summer Time).

**Example:**

US500 Cash dividend 0.05USD

Ex-dividend date: 1st February

Clients holding a long CFD position will receive a positive adjustment and clients holding a short CFD position will receive a negative adjustment. Adjustments will be calculated as follows:

Quantity (units) x dividend amount

If you are holding a Long position of 50 units US500 CFD, you will receive a positive adjustment of  $50 \times 0.05 = 2.50\text{USD}$

If you are holding a short position of 50 units of US500 CFD, you will receive a negative adjustment of  $50 \times 0.05 = 2.50\text{USD}$

The provisions of this section are without prejudice to any of Safecap's rights in respect of the Corporate Actions set out in your Investment Services Agreement.

### 13.1.3. Dividends in relation to Blend CFDs

Blend CFDs consist of underlying shares each one having a different percentage weight on the total value of the blend. If one of the issuer of the shares included in the blend pays dividend, respectively the price of the blend will be affected. In order to neutralize the effect caused by the dividend payment, cash adjustments are applied in the accounts holding positions on the Blend. The dividend adjustment will be based on the weight of the underlying share on the total value of the blend and will be applied to long and short positions accordingly. If you hold a long position on the payment date you will receive a positive adjustment and respectively a negative adjustment for short positions.

**Example:**

Let's assume you hold a position on US Technology Blend (underlying shares APPLE, Microsoft, INTEL, Google, IBM).

Blend Starting Value: 100 USD

Dividend on APPLE: 20 USD

Ex-dividend date: 23<sup>rd</sup> March

The weight of APPLE share in the Blend is equal to 35%, therefore the dividend amount attributed to the blend is calculated as follows:

Dividend amount = (Underlying share dividend amount)/(Underlying Share Price) x Basket Weight of the share x Blend Starting Value.

$$\begin{aligned} &= \$20/105.26 \times 35\% \times 100 \\ &= 6.65 \text{ USD} \end{aligned}$$

Clients holding a long CFD position on the blend will receive a positive adjustment and clients holding a short CFD position will receive a negative adjustment. Adjustments will be calculated as follows:

Quantity (units) x Dividend amount

If you are holding a Long position of 10 units on the CFD US Technology Blend, you will receive a positive adjustment of  $10 \times 6.65 = 66.5$  USD.

If you are holding a short position of 10 units on the CFD US Technology Blend, you will receive a negative adjustment of  $10 \times 6.65 = 66.5$  USD.

**13.1.4. Stock Split/Reverse Stock Split**

Stock Split is a corporate action in which a company divides its existing shares into multiple shares. Although the number of shares increases, the value of the shares remains the same as the split does not add any real value.

Reverse Split is a corporate action in which a company reduces the total number of its shares to form a smaller number of proportionately more valuable shares. A Reverse Split is the opposite of a Stock Split and equally it does not add any real value.

When you hold a position on a CFD of which the underlying company shares encountered a split or reverse split, the Company will proceed with a position adjustment and/or cash adjustment in order to reflect the Stock Split's or Reverse Split's economic effect on your account.

1. In case you hold a long position and a Stock Split is effected we will perform a positive adjustment to your account. In case of a Reverse Split, a long position shall result in a negative adjustment to your account.
2. In case you hold a short position and a Stock Split is effected, we will apply a negative adjustment to your account. In case of a Reverse Split, a short position shall result in a positive adjustment to your account.



**Example:**

APPLE 1:7 Stock Split date on the 6th June

Ex-dividend date: 6th June

Cash adjustments (positive or negative) for clients holding position until the closing of trading on the 6th of June 2014:

The adjustment will be calculated as follows: closing price on 6th June - (closing price on 6th June \* adjustment factor)

e.g.: closing price on 6th June = 606.97

Adjustment factor = 0.1428571 (1/7)

$606.97 - (606.97 * 0.1428571) = 606.97 - 86.7099 = 520.26$  USD

Then the adjustment factor is multiplied by the units: 520.26\*units.

- If you hold a Long position of 10 units of APPLE CFD, you will receive a positive adjustment of  $520.26 * 10 = 5202.60$  USD
- If you hold a Short position of 20 units of APPLE CFD, you will receive a negative adjustment of  $520.26 * 20 = 10405.20$  USD

## Rights Issue

After a Rights Issue it is common that the share price is reduced due to additional dilution of the share value. Therefore, cash adjustments are applied in order to neutralize the economic effect that this corporate action may have on the price of the CFD on the ex-rights date.

If you hold a long position on the ex-rights date, you will receive a positive adjustment in the form of a cash adjustment. If you hold a short position on the ex-rights date, you will be charged a negative adjustment in the form of a cash adjustment.

### 13.2. Asset Material Adverse Change

If: (i) a Corporate Action occurs in relation to a Financial Instrument which is underlying any CFD open position which you have with us, or (ii) Asset Material Adverse Change occurs; or (iii) our market exposure in respect of any Financial Instrument or other instrument exceeds our internal exposure limits, we may exercise any of the following rights, provided that in doing so we shall act reasonably and shall use our reasonable efforts to preserve the value of your open positions having regard to our duty to treat our customers fairly and our best execution obligations to you:

- a) Change our Prices;
- b) Change any trading limits which we may have in place;
- c) Change any Margin or Leverage parameters;
- d) Change the opening Price, opening stake or opening size of any position;
- e) Require (by a reasonable advance notice) that you close any open positions which you may have in the affected Financial Instrument or other instrument, and, should you fail to do so, close such positions at our Price;
- f) Open new position for you in any relevant new Market;
- g) Freeze the Account including the opening or closing of any or all affected positions and suspend any trading activity between us until the relevant adjustments are performed;
- h) Set the CFD of which its underlying Financial Instrument is subject to the Corporate Action on a close-only mode, in which case no new positions may be opened;
- i) Make the relevant adjustments in your Account to restore the Account's Transactions in the underlying Financial Instruments which were (post the Effective Date) or are to be (prior to the Effective Date) affected by a Corporate



Action. Such adjustments shall be executed at the then-current market prices which may be different than the Prices at which the original Transactions were executed; and

Restrict or disable opening of any new Sell and/or Buy Positions in the affected Financial Instrument or other instrument.

## 14. JURISDICTION SPECIFIC REQUIREMENTS

In some jurisdictions, where we are required to do so under the applicable local Regulations, and where you are a permanent resident or a citizen of the jurisdiction concerned, we may offer you additional protection mechanisms or introduce certain restrictions on your trading parameters. In this Section we set out such additional protection mechanisms that we currently offer and the restrictions that we apply.

### (1) France

If you are a permanent resident or a citizen of France, we are required in accordance with the French Regulations to offer you an embedded guaranteed stop-loss protection mechanism (the “**Guaranteed Stop Loss**”).

The Guaranteed Stop Loss is a Stop Loss order that will be linked automatically to every order that you open, whether it is a market order or a pending order. The Guaranteed Stop Loss will equal to the initial Margin amount required from you upon placing an order. Thus, the maximum potential loss per your position, including any overnight rollover swaps, will be strictly limited to the initial Margin amount at the time of placing of the order.

Furthermore, if you are a permanent resident or a citizen of France, leverage ratios that we offer to you will be restricted to a maximum of 1:100 and the leverage ratio options that we offer to you may differ from those available to the permanent residents or citizens of other jurisdictions. For the avoidance of doubt, the leverage ratios that we offer shall continue to be subject, in all other respects, to the Agreement, our Leverage and Margin Policy and the CySEC Regulations. For the up-to-date information on the leverage ratios that we offer to you please refer to our website [www.markets.com](http://www.markets.com).

In case of occurrence of a Force Majeure Event (as defined in the Agreement), we reserve the right to reduce the leverage ratios available to our Customers. You should be aware that in such cases the used Margin of your position will be updated to correspond to the reduced leverage ratio, however, the Guaranteed Stop-Loss attached to your position will remain unaffected and shall be equal to the initial Margin amount that was required at the time of opening by you of the relevant position.

Whilst we shall act in accordance with our obligations under the Regulations at all times in the execution of your orders, you should be aware that in the case of Price Slippage or Market Gapping (as defined in the Agreement) occurring, your order may be executed at a price materially different to the price indicated in the Electronic Trading Platform at the time of placing of your order. In such case, the Guaranteed-Stop Loss will equal the initial Margin amount that corresponds to the actual price at which your order was executed.

Permanent residents and citizens of France will still be able to set ordinary Stop Loss and/or Take Profit orders, as described in this Policy. You should be aware that even though such Stop Loss and/or Take Profit orders are not guaranteed, in the event of any Price Slippage affecting your voluntary Stop Loss order, your losses will in any event be strictly limited to the Guaranteed Stop-Loss amount as described above.

### (2) Spain

If you are a permanent resident or a subject of the Kingdom of Spain, on the basis of the latest requirements of the Spanish National Securities Market Commission (“CNMV”) for enhancing the protection of retail investors in the territory of Spain, trading in CFDs with a leverage ratio greater than 1:10, we are required to:

- a) Expressly inform you that CFDs are complex products and difficult to understand and that due to their complexity and the risk involved, the purchase of these products by retail investors is not suitable/appropriate.





- b) Inform you that CFDs are leveraged products and that due to leverage, losses may be greater than the amount originally invested to purchase the product.
- c) Inform you about the amount which you will lose if you close your position immediately after entering into any CFDs transaction.
- d) Obtain from you, signatures on the text where the above warnings appear along with a typed sentence that proves that you are aware that any CFDs which you are about to purchase are complex and that CNMV believes that they are not convenient for retail investors.
- e) Inform you that advertising used by companies to promote CFDs must always contain a warning on the difficulty of understanding these products and a disclosure of the fact that CNMV believes they are not appropriate for retail investors due to their complexity and risk.

The above warning must be obtained prior to the first two trades in each of CFDs and forms part of this Agreement. In cases where we are under an obligation to warn you that a product is not suitable for you, the written sentence must also state "This product is complex and has been determined as unsuitable for me".

In the case in which, in addition to the above warning we are under an obligation to advise you that, due to lack of information in assessing whether or not the investment product or service is appropriate/suitable for you, we are required to provide you with the following warning: "This is a complex product and due to the lack of information provided, it could not be determined as being convenient for me". Our compliance with this requirement is without prejudice to our right to refuse to provide you with any services or products which we deem to be inappropriate or unsuitable for you.

We are under an obligation to keep records of the above written statements and of all steps taken to achieve compliance with our obligations as stated above.

You hereby acknowledge and accept that we keep such records.

You further acknowledge and accept that in the case in which you do not take all steps necessary for achieving compliance with the above, we shall not be able to provide or continue to provide you with services in respect of the above-mentioned instruments and investment products.

## 15. REGULAR REVIEW

Safecap reviews this Policy annually and whenever a material change occurs that affects Safecap's ability to obtain the best possible result for the execution of client orders.

Safecap regularly reviews the overall quality of its order execution and of the published prices in underlying Financial Instruments provided by third – party data vendor sources to ensure the continuous achievement of the objectives of this Policy. Safecap will amend this Policy on the basis of such reviews if it considers it to be necessary. Any new policy will be made available on our web-site and will be in force as from the date of its publication. Whenever we introduce a material change to the terms of this Policy (i.e. changes that affect your rights and obligations under the Agreement and the Policy), we will endeavor to notify you of such changes prior to the same taking effect. For the avoidance of doubt, changes to the trading terms including changes to our Spreads, leverage ratios, overnight or other fees and charges, CFD expiration period and other CFD product features shall not be deemed material for the purposes of this Policy.

## 16. APPLICABLE LANGUAGE

Please note that where you have been provided with a copy of this Policy other than in the English language, such Policy is provided to you for information purposes only. The English version of this Policy is the version that is binding on Safecap at all times.



## 17. IMPORTANT INFORMATION

### 17.1. Leverage information

#### 17.1.1. Retail Clients

There may be specific leverage limits on the instruments available. The Company offers a maximum default leverage of 1:30. Lower maximum leverage limits are available depending on the underlying instruments traded.

The applicable leverage ratios per instrument can be found below:

- [Markets.com Trader](#)
- [MT4 / MT5](#)

Certain leverage restrictions may also be placed for Less Experienced Retail clients as this is defined in the Agreement and the Leverage and Margin Policy to which you should refer for more information.

We reserve the right to reduce leverage ratios for CFDs in financial instruments that maybe the subject of actual or anticipated corporate actions, with or without notice to you, in order to address likely market and financial instrument volatility. Where possible we will give you 3 business days' notice of such change so as to enable you to take the action you consider appropriate.

#### 17.1.2. Professional Clients

The aforementioned leverage restrictions apply solely to Retail Clients. Professional clients, whether per se or eligible, are able to trade with higher leverage.

Specifically, the Company offers Professional clients the option to select higher leverage ratio of 1:100, 1:200 or 1:300 based on the underlying instrument and our Leverage and Margin Policy.

We note that Maltese Professional clients are restricted to a maximum of 1:100 leverage ratio according to their local regulation.

### 17.2. Trading Conditions

Further information on trading conditions, including Trading Hours, Spreads, Leverage, CFD Rollover charges, Overnight rollover, are available at all times to clients on our website. We note that the trading conditions may vary depending on the instrument and platform. For more information please visit:

- For Markets.com Web/Mobile Trader please visit <https://www.markets.com/cfds>, and
- For MT4, MT4 Mobile and Sirix Webtrader platforms, please visit <https://www.markets.com/metatrader-4-trading-conditions>.
- For MT5 and MT5 Mobile platforms, please visit <https://www.markets.com/metatrader-5-trading-conditions>.

### 17.3. Offering of CFDs in certain jurisdictions.

CFDs are not eligible for sale in certain jurisdictions or countries. This Policy is not directed to any jurisdiction or country which is included in the Company's Banned Jurisdictions as this is defined in the Agreement. The Policy does not constitute an offer, invitation or solicitation to buy or sell CFDs.

### 17.4. Questions.

For any questions regarding this Policy, please contact at a first instance the Customer Support Department through the [Contact Us](#) page or via [Live Chat](#).



## APPENDIX I – FEED PROVIDERS

Safecap receives its feed from the following liquidity and price feed providers:

- a. CFH Clearing Limited (“CFH”)- authorized and regulated by the Financial Conduct Authority with reg. no. 481853. CFH is a company operating independently from Safecap but which is ultimately controlled by our parent company. All our dealings with CFH are at a commercial arms-length basis. We do not remunerate CFH on the basis of revenues generated from our clients’ trading.
- b. TradeTech Alpha – authorized and regulated by the Financial Conduct Authority with reg. no.607305. TradeTech Alpha is a company operating independently from Safecap but which is ultimately controlled by our parent company. All our dealings with TradeTech Alpha are at a commercial arms-length basis. We do not remunerate TradeTech Alpha on the basis of revenues generated from our clients’ trading.
- c. Six Financial – SIX operates Switzerland’s financial market infrastructure and offers on a global scale services in the areas of securities trading, clearing and settlement, as well as financial information and payment transactions
- d. Leverage Financial Services Ltd - regulated by the Cyprus Securities and Exchange Commission with license No. 160/11.
- e. Chicago Mercantile Exchange (“CME”) - a US derivatives and futures exchange based in Chicago, regulated by the Commodity Futures Trading Commission (CFTC).
- f. Kraken - a reputable digital exchange.

## APPENDIX II – PERFORMANCE SCENARIOS

The scenarios presented below are based on CFDs with underlying instrument offered on our platforms. The underlying instruments as well as the figures presented below should only be used as examples. You are responsible for choosing the underlying instrument, the size of your position, how long you will hold your position open and whether to use any risk management tools we offer, such as Stop Loss and/or Take Profit.

The scenarios illustrate how your investment could perform under different scenarios. You can compare them with the scenarios of other products. These are an estimate of future performance based on evidence from the past on how the value of this investment varies, and are not an exact indicator. What you get will vary depending on how the market performs and how long you keep the investment.

The stress scenarios show what you might get back in extreme market circumstances, and it does not take into account the situation where we are not able to pay you.

The scenarios include all the costs of the product itself. You should be aware that the total costs of your investments may vary based on the underlying instrument and depend on how long you hold your positions open. If you have a third party advising you about this product or if you have bought this product by a different distributor, these figures do not include any costs that you pay to them. The figures do not take into account your personal tax situation, which may also affect how much you get back.

Your maximum loss will be that you will lose all your investment. You will never lose more than the Equity of your trading account as we offer Negative Balance Protection (NBP) to you.



FX pair CFD (GBP/USD, held intraday)			
		Bid	Ask
Balance (USD)	1065		
Opening Price	P	1.38879	1.38899
Trade size (Volume)	TS	10,000	10,000
Margin %	M	3.33%	3.33%
Margin Requirement (in USD)	P x TS x M	462.93	463.00
Notional value of the trade (in USD)	P x TS	13,887.90	13,889.90
Ongoing Costs		-	-
Daily premium %	DP%	-0.0019%	-0.0075%

	LONG POSITION				SHORT POSITION			
	Closing Price	% Price change	Overnight Rollover Swaps CP x TS x DP%	Profit/Loss after costs (in USD)	Closing Price	% Price change	Overnight Rollover Swaps CP x TS x DP%	Profit/Loss after costs (in USD)
Favourable	1.40982	1.50%	-1.06	207.29	1.36796	-1.50%	-0.26	208.06
Moderate	1.40010	0.80%	-1.05	110.07	1.37768	-0.80%	-0.26	110.84
Unfavourable	1.36816	-1.50%	-1.03	-209.37	1.40962	1.50%	-0.27	-208.59
Stress*	1.30565	-6.00%	-0.98	-834.37	1.47212	6.00%	-0.28	-833.55

\*The position will be automatically liquidated once the margin close out level of 50% is reached.

Shares CFD (Microsoft, held overnight)			
		Bid	Ask
Balance (USD)	1440.00	-	-
Opening Price	P	90.06	90.21
Trade size (Volume)	TS	100	100
Margin %	M	20.00%	20.00%
Margin Requirement (in USD)	P x TS x M	1801.20	1804.20
Notional value of the trade (in USD)	P x TS	9,006.00	9,021.00
Ongoing Costs		-	-
Daily premium %	DP%	-0.0069%	-0.0153%

	LONG POSITION				SHORT POSITION			
	Closing Price	% Price change	Overnight Rollover Swaps CP x TS x DP%	Profit/Loss after costs (in USD)	Closing Price	% Price change	Overnight Rollover Swaps CP x TS x DP%	Profit/Loss after costs (in USD)
Favourable	91.56	1.50%	-1.40	133.91	88.71	-1.50%	-0.61	134.48
Moderate	90.93	0.80%	-1.39	70.78	89.34	-0.80%	-0.62	71.43
Unfavourable	88.86	-1.50%	-1.36	-136.67	91.41	1.50%	-0.63	-135.72
Stress*	84.80	-6.00%	-1.30	-542.56	95.46	6.00%	-0.66	-541.02

\*The position will be automatically liquidated once the margin close out level of 50% is reached.



Commodities CFD (Crude Oil, held overnight)			
		Bid	Ask
Balance (USD)	698.00	-	-
Opening Price	P	63.45	63.48
Trade size (Volume)	TS	100	100
Margin %	M	10.00%	10.00%
Margin Requirement (in USD)	P x TS x M	634.50	634.80
Notional value of the trade (in USD)	P x TS	6,345.00	6,348.00
Ongoing Costs	-	-	-
Daily premium %	DP%	-0.0069%	-0.0153%

	LONG POSITION				SHORT POSITION			
	Closing Price	% Price change	Overnight Rollover Swaps CP x TS x DP%	Profit/Loss after costs (in USD)	Closing Price	% Price change	Overnight Rollover Swaps CP x TS x DP%	Profit/Loss after costs (in USD)
Favourable	64.43	1.50%	-0.99	94.23	62.50	-1.50%	-0.43	94.74
Moderate	63.99	0.80%	-0.98	49.80	62.94	-0.80%	-0.43	50.33
Unfavourable	62.53	-1.50%	-0.96	-96.18	64.40	1.50%	-0.44	-95.62
Stress*	59.67	-6.00%	-0.91	-381.79	67.26	6.00%	-0.46	-381.16

\*The position will be automatically liquidated once the margin close out level of 50% is reached.

ETF CFD (QLD, ProShares Ultra QQQ, held overnight)			
		Bid	Ask
Balance (USD)	1355.00	-	-
Opening Price	P	84.71	84.96
Trade size (Volume)	TS	100	100
Margin %	M	20.00%	20.00%
Margin Requirement (in USD)	P x TS x M	1694.20	1699.20
Notional value of the trade (in USD)	P x TS	8,471.00	8,496.00
Ongoing Costs	-	-	-
Daily premium %	DP%	-0.0069%	-0.0153%

	LONG POSITION				SHORT POSITION			
	Closing Price	% Price change	Overnight Rollover Swaps CP x TS x DP%	Profit/Loss after costs (in USD)	Closing Price	% Price change	Overnight Rollover Swaps CP x TS x DP%	Profit/Loss after costs (in USD)
Favourable	86.23	1.50%	-1.32	126.12	83.44	-1.50%	-0.58	126.49
Moderate	85.64	0.80%	-1.31	66.66	84.03	-0.80%	-0.58	67.19
Unfavourable	83.69	-1.50%	-1.28	-128.72	85.98	1.50%	-0.59	-127.66
Stress*	79.86	-6.00%	-1.22	-510.98	89.79	6.00%	-0.62	-508.88

\*The position will be automatically liquidated once the margin close out level of 50% is reached.



Cash Indices CFD (US 500, held overnight)			
		Bid	Ask
Balance (USD)	23,645.00		
Opening Price	P	2,780.00	2,781.00
Trade size (Volume)	TS	100	100
Margin %	M	5.00%	5.00%
Margin Requirement (in USD)	P x TS x M	13,900.00	13,905.00
Notional value of the trade (in USD)	P x TS	278,000.00	278,100.00
Ongoing Costs		-	-
Daily premium %	DP%	-0.0069%	-0.0153%

	LONG POSITION				SHORT POSITION			
	Closing Price	% Price change	Overnight Rollover Swaps CP x TS x DP%	Profit/Loss after costs (in USD)	Closing Price	% Price change	Overnight Rollover Swaps CP x TS x DP%	Profit/Loss after costs (in USD)
Favourable	2,822.72	1.50%	-43.19	4,128.31	2,738.30	-1.50%	-18.89	4,151.11
Moderate	2,803.25	0.80%	-42.89	2,181.91	2,757.76	-0.80%	-19.03	2,204.97
Unfavourable	2,739.29	-1.50%	-41.91	-4,213.41	2,821.70	1.50%	-19.47	-4,189.47
Stress*	2,614.14	-6.00%	-40.00	-16,726.00	2,946.80	6.00%	-20.33	-16,700.33

\*The position will be automatically liquidated once the margin close out level of 50% is reached.

Cryptocurrency Futures CFD (Bitcoin Futures, held overnight)			
		Bid	Ask
Balance (USD)	787.00	-	-
Opening Price	P	11,220	11,360
Trade size (Volume)	TS	0.1	0.1
Margin %	M	100.00%	100.00%
Margin Requirement (in USD)	P x TS x M	1122.00	1136.00
Notional value of the trade (in USD)	P x TS	1,122.00	1,136.00
Ongoing Costs		-	-
Daily premium %	DP%	-0.1400%	-0.1400%

	LONG POSITION				SHORT POSITION			
	Closing Price	% Price change	Overnight Rollover Swaps CP x TS x DP%	Profit/Loss after costs (in USD)	Closing Price	% Price change	Overnight Rollover Swaps CP x TS x DP%	Profit/Loss after costs (in USD)
Favourable	12,496	10.00%	-1.75	111.85	10,098	-10.00%	-1.41	110.79
Moderate	11,928	5.00%	-1.67	55.13	10,659	-5.00%	-1.49	54.61
Unfavourable	10,224	-10.00%	-1.43	-115.03	12,342	10.00%	-1.73	-113.93
Stress*	9,088	-20.00%	-1.27	-228.47	13,464	20.00%	-1.88	-226.28

\*The position will be automatically liquidated once the margin close out level of 50% is reached.



Blend CFD (US Technology Blend, held overnight)			
		Bid	Ask
Balance (USD)	239.90	-	-
Opening Price	P	149.72	149.87
Trade size (Volume)	TS	10	10
Margin %	M	20.00%	20.00%
Margin Requirement (in USD)	P x TS x M	299.44	299.74
Notional value of the trade (in USD)	P x TS	1,497.20	2,997.40
Ongoing Costs	-	-	-
Daily premium %	DP%	-0.0160%	-0.0063%

	LONG POSITION				SHORT POSITION			
	Closing Price	% Price change	Overnight Rollover Swaps CP x TS x DP%	Profit/Loss after costs (in USD)	Closing Price	% Price change	Overnight Rollover Swaps CP x TS x DP%	Profit/Loss after costs (in USD)
Favourable	152.12	1.50%	-0.096	22.40	147.47	-1.50%	-0.24	22.26
Moderate	151.07	0.80%	-0.095	11.91	148.52	-0.80%	-0.24	11.76
Unfavourable	147.62	-1.50%	-0.093	-22.59	151.97	1.50%	-0.24	-22.74
Stress*	140.87	-6.00%	-0.089	-90.09	158.7	6.00%	-0.25	-90.05

\*The position will be automatically liquidated once the margin close out level of 50% is reached.