SAFECAP
Safecap Investments Limited

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 January, 2017 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)

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 Services Board ("FSB") 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

CONTENTS

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 reasonable 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 EU Directive 2004/39/EC of 21 April 2004 on Markets in Financial Instruments ("MiFID") and the Investment Services and Activities and Regulated Markets Law of the Republic of Cyprus which transposed MiFID into Cyprus legislation.

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 under MiFID.

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 Web Trader
b. Markets Mobile Trader
c. MetaTrader 4 (MT4)
d. MT4 Mobile
e. 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	S & P 500 Futures; FTSE 100 Futures; DAX 30 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

Note that available CFDs in different financial instruments may vary in each of the above trading platforms.

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. Rollovers
   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 either variable or fixed depending on the CFD. We publish our Spreads, whether fixed or variable, on our website and these may differ depending on the trading platform. For more information please refer to paragraph "Trading Conditions" below.

A fixed Spread means that the Spread will under normal circumstances remain the same at all times and will not change depending on time or general market conditions and volatility. 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, including changing fixed Spreads to variable 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. **Where we intend to change the spreads (value or fixed to variable) we will endeavor to give you a minimum notice of such action of no less than 3 working days unless, acting reasonably for the protection of our respective interests, we must take action to change such Spreads to reflect sudden and unexpected increased market or instrument volatility.**

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 reasonable 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

With respect to Foreign Exchange where there is no organized / regulated market from which prices can be sourced, we ensure we source price feeds from global investment banks and other major price feed providers.

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. In particular, 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. 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
c. Leverate Financial Services Ltd - regulated by the Cyprus Securities and Exchange Commission with license No. 160/11.

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

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 ((Bid + 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.

7.3. 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 if our Bid price reaches or falls below the specified order 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.

7.4. 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.

7.5. 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. CONNECTED PARTIES

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. Amongst others, Safecap uses its affiliated company Magnasale Trading Limited ("Magnasale") as its hedging counterparty. All hedging arrangements are undertaken on a commercial arms-length basis.

10. OFFERING CFDs

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. The Company does not apply any commissions. Please refer to the relevant section for Overnight Rollovers (Swaps) for information regarding the Financing Charges applied during swaps. Financing Charges for all types of instruments offered by the Company are not incorporated in the Company's quotes price.	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	Safecap may not be able to execute the order at the best available price or the transaction may fail to complete as further explained below. Although the Company strives to execute all orders placed by the clients, it reserves the right to decline an order of any type or execute the order at the first available market price.	Medium
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.
- 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. 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.

10.4. 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.

10.5. 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.

10.6. Finance costs and charges

10.6.1. Spread Cost

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

10.6.2. 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.

Overnight Rollover calculation example:

(USD key interest rate - EUR key interest rate – Financing charge)*price*amount of position*days/360
Where:
- **Key interest rate: is the published key interest rate for main refinancing operations (or equivalent) of the central bank of the country of respective currency in which the underlying asset is denominated (in this case, the minimum bid rate published by the European Central Bank)**
- **Financing charge: a fixed charge of 1%;**
- **Price: is the price of the currency pair at the moment the overnight rollover is calculated;**
- **Days/360: The number of days that the position remains open.**

Therefore, if you are holding a short position of 100,000 on EURUSD for 4 days, the calculation will be as follows:
(0.25% - 0.05% - 1%)*1.0677*100,000*4/360 = -8.96USD
You will pay for 4 days an overnight rollover of 8.96USD

CFD Expiration Rollover:

Where the underlying instrument of a CFD is a Future or similar instrument, 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 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. If there would be any substantial price difference between the two Futures, an adjustment will be Credited or Debited from the balance of your account (subject to the open position amount of the expiring CFD).

This Adjustment will show up in your account under Rollover Charge and will not affect the real value of your Equity. However, you should be aware that the switch between the two Future prices of the underlying CFD could involve a substantial price difference. Any existing pending order(s) (stop, limit, entry stop and entry limit) placed on these instruments will be automatically removed on the CFD rollover date at 22:00 GMT (21:00 GMT during DST). To calculate the rollover, we take the prices of the two contracts from the relevant official exchange. There are no other costs incurred by you in the rollover of Future Contracts.

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 Platforms / Sirix:
  [(Lots x Contract Size) x (New Contract – Old Contract Price)] + Overnight Rollover
- Markets Web / Mobile Trader:
  Quantity x [New Contract – Old Contract]

General rules:

New Price < Old Price = 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. 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.

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 Initial Margin will be $42.96. Your Margin Level will be at 232%.
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 -23%. Your balance will be 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 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. Limit Order

With a 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 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.

11.1.3.2. 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. 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.

11.1.3.4. 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)

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.

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 Maintenance Margin reaches or 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 margin on 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 Call 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.

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 on prices offered by our platforms as a result of systems errors;
4. coordinated transactions by related parties in order to take advantage of systems errors and delays on systems updates;
5. 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
6. 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; 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

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.

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:

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*3.29 = 987USD

If you are holding a short position of 200 units of APPLE CFD, you will receive a negative adjustment of 200*3.29 = 658USD

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.

13.1.2. 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= 10405.20USD**

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.

14. 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.

15. 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.

16. IMPORTANT INFORMATION

16.1. Leverage information

There may be specific leverage limits on the instruments available. The Company offers a default leverage of 1:50 with an option to select a different leverage ratio of 1:25, 1:100, 1:200 or 1:300 based on the underlying instruments and our Leverage and Margin Policy. For Polish residents, the maximum leverage that can be applied for all instruments offered by the Company is 1:100.

The applicable leverage ratios can be found below:

- Markets.com Trader Leverage Profiles
- Meta Trader 4 (MT4) Leverage Profiles

Certain leverage restrictions are also 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.

16.2. 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:

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

16.3. 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.

16.4. 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.