



SM CAPITAL MARKETS
Global Online Trading

Order Execution Policy

SM Capital Markets Ltd is a company registered in Cyprus under registered number: HE 346068. SM Capital Markets Ltd is authorised and regulated by the Cyprus Securities and Exchange Commission (License Number: 339/17).

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March 2020. Version 3

1. Introduction

The Order Execution Policy (hereinafter "the Policy" is provided to the Client in accordance with the Provisions of Investment Services, the Exercise of Investment Activities, the Operation of Regulated Markets and Other Related Markets Law 87(i)/ 2017 (hereinafter "the Law"). Pursuant to the Law, the Company is required to take all sufficient steps to obtain the best possible result on behalf of its Clients when providing to them the Investment Services that the Company is licensed to provide.

The Client acknowledges that by opening a trading account with the Company his orders will be executed Over-the-Counter ("OTC"). That means that Client orders will be executed outside Regulated Markets and. Or Multilateral Trading Facilities.

2. Client Categorization and Order Execution

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

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

3. Best Execution Factors and Criteria

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

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

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

- a. **Price:** For any given CFD, the Company will quote two prices: the higher price (ASK) at which the Client can buy (go long) that CFD, and the lower price (BID) at which the Client can sell (go short) that CFD. Collectively, the ASK and BID prices are referred to as the Company's price. The difference between the lower and the higher price of a given CFD is the spread. Such orders as Buy Limit, Buy Stop, Buy Stop Limit and Stop Loss, Take profit for opened short position are executed at ASK price. Such orders as Sell Limit, Sell Stop, Sell Stop Limit and Stop Loss, Take profit for opened long position are executed at BID price. The Company's price for a given CFD is calculated by reference to the price of the relevant underlying asset, which the Company obtains from third party external reference sources. The Company's prices can be found on the Company's website and/or trading platforms. The Company updates its prices as frequently as the limitations of technology and communications links allow. The Company reviews its third party external reference sources in frequent periods to ensure that the data obtained continues to remain competitive.
- b. **Costs:** For opening a position in some types of CFDs the Client may be required to pay a mark-up on spread and an overnight financing fee ("swap") if the Client wished to hold his position overnight. The amount of the costs is disclosed on the Company's website and/or trading platforms. Commissions may be charged either in the form of a percentage of the overall value of the trade or as fixed amounts. In the case of financing fees, the value of opened positions in some types of CFDs is increased or reduced by a daily financing fee "swap rate" throughout the life of the contract. Financing fees are based on prevailing market interest rates, which may vary over time. Details of daily financing fees applied are available on the Company's website and/or trading platforms. For all types of CFDs that the Company offers, the commission and financing fees are not incorporated into the Company's quoted price and are instead charged explicitly to the Client account.
- c. **Speed of Execution:** The Company places a significant importance when executing Client's Orders and strives to offer high speed of execution within the limitations of technology and communication links. In case where the Clients use a wireless connection or a dial up connection or any other communication link that can cause a poor internet connection, which can cause unstable connectivity with the Company's trading platform, resulting to the Client placing his orders at a delay and the orders being executed at a better or worse prevailing price offered, the Company does not accept any liability in case of such incident.
- d. **Likelihood of Execution:** There would be cases where it may not be possible to arrange the order for execution. That is because we rely on third-party LPs for prices and available volume. Therefore, the execution of Clients' orders will depend on whether there are prices and liquidity available at the time these orders are received. The availability on execution may be subject to variation, especially during abnormal market conditions, such as:

- i. During market opening times
 - ii. During times of market news and events
 - iii. During periods of significant volatility
 - iv. Where there is a rapid price movement
 - v. Where there is insufficient liquidity for the execution of the specific volume at the declared price or a force majeure event has occurred.
 - vi. Where the Company's Internal Risk Limits no longer permit the acceptance of any further orders on a specific instrument.
- e. **Likelihood of settlement:** The CFDs offered by the Company do not involve the delivery of the underlying asset, so there is no settlement as there would be for example if the Customer had bought shares.
- f. **Size of Order:** The minimum size of an order may be different for each asset type and/or financial instrument. A Lot is a unit for measuring the transaction amount and is different for each type of Financial Instrument. Please refer to the website and/or platform for the value of minimum size of an order or minimum Lot for a given CFD type. The Company reserves the right to decline an order as explained in the Client Agreement entered with the Client.
- g. **Market Impact:** Some factors may rapidly affect the price of the underlying instruments/products from which the Company's quoted price is derived and may also affect other factors listed herein. The Company will take all reasonable steps to obtain the best possible result for its Clients.
- h. **Partial Fills:** This is the practice of executing an order in parts if there is not enough liquidity in the market at the time in order to fill-in the full order at a specific price. Partial fills may be executed at different prices.

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

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

- b. **Re-quotes:** The Company only has market execution. Thus, it will not provide secondary quote to the Client after an order has been submitted.

5. Types of Order(s) in CFDs:

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

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

6. Execution Venues/ Liquidity Providers:

These are the entities with which the Company places and executes Client Orders. The Company only offers one type of account, namely the "Standard Account Type". The Execution Venue(s) that the Company is using are found in Annex I.

The Client acknowledges that the transactions entered into with the Company for the financial instrument provided by the Company are undertaken through the trading platform of the Company. The Orders will be executed on an 'over the counter' basis.

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

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

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

7. Best Execution Factors

The Company takes sufficient steps to obtain the best possible result for our Clients, when executing orders, taking into account the price, costs, speed, likelihood of execution, size, nature or any other consideration relevant to the execution of the order.

In relation to the best execution criteria, for orders that are not wholly covered based on your specific instructions, we shall take into consideration the execution factors and their relevant importance in the order presented below:

- a. Price – High Importance:

Price is one of the most important factor in order for the Company to meet its best execution obligations. The Company receives its prices from its Liquidity Providers and uses price aggregation technology to detect and quote the best Bid and Ask quote from the LPs to the trading platform. We do not however guarantee that our quoted prices will be at a price which is as good, or better, than one might have been available elsewhere.

- i. Bid-Ask Spread: For any given financial instrument, we quote two prices: the higher price (Ask), at which the Client can buy (go long) a financial instrument, and the lower price (Bid) at which the Client can sell (go short); collectively, referred to as the Firm's prices. The difference between the Bid and the Ask price of a given financial instrument is the spread, which includes Company's mark-up.
- ii. Pending Orders: Such orders as 'Buy Limit', 'Buy Stop' and 'Stop Loss'/'Take Profit' for opened short positions are executed at the ASK price. Such orders as 'Sell Limit', 'Sell Stop' and 'Stop Loss'/'Take Profit' for opened long positions are executed at the BID price.
- iii. Our price for a given financial instrument is calculated by referencing the price of the relevant underlying asset, which is obtained from third-party liquidity and data providers. We update our prices as frequently as the limitations of technology and communication links allow. We will not quote any price outside of our operational hours. The Company regularly, and at least once a year, reviews the pricing of and quality of service offered by its liquidity providers, to ensure that the prices obtained remain competitive and that their service is of high standards.

b. Costs -High Importance

- i. **Spread** is the difference between the lower price (BID) and the higher price (ASK) of a given Financial Instrument. The Company provides dynamic (floating) spreads, which means that spreads are constantly updated based, among others, on the liquidity and volatility conditions of the underlying market.

The Company performs real-time monitoring of its spreads at individual financial instrument level. If the actual spread is outside acceptable pre-determined parameters when compared to previous spreads received from the same Liquidity Provider, an alert is triggered for the "gap" to be investigated by the Company. Where the gap is a result, for example, market volatility, no further actions are taken. If gap is a result of a technical issue on the liquidity provider's part, an alert is triggered for the "gap" to be investigated by the Company. Where the "gap" is a result, for example of market volatility, no further actions are taken. If the "gap" is a result of a technical issue on the liquidity provider's part, then the Company further investigates and takes immediate corrective action.

- ii. **Swap or financing fee** is the charge that is applied to all positions that are left open overnight for the following trading day. It is credited to or withdrawn from trading accounts at 24:00 GMT+2 each day until the position is closed. Swap is charged every day, except for the weekends, when trading is not available. On Wednesday, the amount of Swap charged is tripled in order to compensate for the following weekend, during which swap is not charged. Swap is based on prevailing market interest rates, which may vary over time.
- iii. **Commissions** may be applicable. The Company may be charging the account holders a commission fee every time they are opening and closing a position. Commission fees are automatically calculated according to the volume traded. But note, that commission fees are not applicable for the “Standard Account”.

c. Speed of Execution – High Importance

We place a significant importance in this factor when executing Client orders and to this end we maintain high speed connections through multiple servers hosted globally within the limitations of technology and communications links. However, the use of any form of unstable connection at the Client’s end, whether wireless or dial-up, may result in poor or interrupted connectivity, which may cause delays in the transmission of data between the Client and us. As the Client places Orders through the Company’s Electronic Trading Platforms, the Client is exposed to risks associated with that, including the failure of hardware and software (e.g. Internet connectivity issues, server downtimes, etc). This may result that your Order is either not executed in accordance with your expectations or it is not executed at all. The Company does not accept any liability in the case of such a failure.

d. Likelihood of execution – Medium Importance

The Company is the sole Execution Venue for the execution of the Client’s Orders for the Financial Instruments provided by the Company and, as such, it strives to execute, in whole, all Orders placed by the Clients. However, it reserves the right to decline or partly fill in any Order or to execute the order at the first available market price without providing any justification to Client. We rely on third-party LPs for prices and available volume of the different financial instruments we offer. Therefore, the execution of Client's orders will depend on whether there are prices and liquidity available at the time these orders are received. By having various LPs, the likelihood of execution across the instruments we offer is high. This availability may be subject to variation, especially during abnormal market conditions, such as:

- i. During market opening times.
- ii. During times of market news and events.
- iii. During periods of significant volatility.

- iv. Where there is a rapid price movement of a particular instrument, to such extent that under the rules of a relevant exchange, trading on said instrument is suspended or restricted.
- v. Where there is insufficient liquidity for the execution of a specific volume at a specific declared price.
- vi. Where the Company internal risk limits no longer permit the acceptance of any further orders on a specific instrument.

e. Size of Order – Low Importance

The minimum size of an order may be different for each asset type and/or financial instrument. A Lot is unit measuring the transaction amount and it is different for each type of Financial Instrument. Please refer to the website and/or platform for the value of minimum size of an order or minimum Lot for a given CFD type. The Company reserves the right to decline an order as explained in the Client Agreement entered with the Client.

f. Likelihood of settlement – Low Importance

All transactions are settled upon execution.

g. Market Conditions – Low Importance

Some market factors may affect rapidly the Company's quoted price of the Financial Instruments. These factors may, in turn, affect some of the other execution factors listed above.

The Company takes all reasonable steps to obtain the best possible result for its Clients. The Company does not consider the above list exhaustive and the order in which the above factors are presented shall not be taken as priority factor.

8. Specific Instructions

Whenever a Client gives a specific instruction as to the execution of their order, the Company will execute that order in accordance with the Client's specific instructions. In following those specific instructions, the Company will be deemed to have satisfied its best execution obligations in respect of that part of the order to which the specific instructions relate. If a Client requires their order to be executed in a particular manner, they must clearly state their desired method of execution when they place their order. To the extent that the Client's specific instructions are not comprehensive, the Company will determine any non-specified aspects in accordance with this Policy.

It should be noted that specific instructions from a Client may prevent the Company from taking the necessary steps it has designed and implemented in this Policy, to obtain the best possible outcome for the execution of those orders in respect of the elements covered by those instructions.

9. Monitoring and Review

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

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

10. Other important information

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

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

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

11. Contact Information

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

Annex I

The table below lists brokers (Liquidity Providers / Execution venues) that the Company currently uses for executing the Orders. The Company reserves the right to use other execution venues and third parties where we consider that it is appropriate in the light of this Policy, and we may from time to time add or remove an execution venue or a broker from this list.

The following execution venues will be used for executing the Orders:

Execution Venue	Country of Establishment	Supervisory Authority	Commencement of the relationship with the Company
Black Pearl Securities Limited	United Kingdom	Financial Conduct Authority	11/07/2019
Cresco Capital Markets (UK) Ltd.	United Kingdom	Financial Conduct Authority	04/02/2020
TradeTech Alpha Limited	United Kingdom	Financial Conduct Authority	04/11/2019