

## SUMMARY ORDER EXECUTION POLICY

Version: October 2015

This is the Summary Order Execution Policy of London Capital Group Limited.

### 1. Introduction

In accordance with MiFID guidelines and the Financial Conduct Authority (FCA) rules concerning its implementation in the UK, London Capital Group Limited (LCG) is required to inform its clients (you) as to the policies for execution of client Trades and Orders.

This policy should be read in conjunction with the Client Agreement including our Terms and Conditions and if there is anything you do not understand please contact our Customer Support. In the event of a disagreement between this policy and the Terms and Conditions, then the Terms and Conditions shall prevail.

### 2. London Capital Group Limited

LCG provides contracts for differences (CFDs) and spread bets to its clients covering a wide variety of financial markets and instruments. Every market quoted by LCG is derived directly from an underlying financial instrument sourced from an exchange or from a wholesale quoting counterparty (i.e. FX quoting banks). LCG decides which markets to quote, the times at which those markets are quoted and LCG publishes via its trading platforms those quotes on which clients may be able to trade.

LCG is the counterparty (or 'principal') to every trade. This means that you must open and close each and every trade with LCG and cannot close an open trade made with LCG with a third party (i.e. a different CFD or spread betting provider) and vice versa.

LCG is regulated by the Financial Conduct Authority (the FCA) and, as a regulated entity, LCG is required to take all reasonable steps to ensure the best possible result when executing client instructions.

### 3. Order Execution Policy

When LCG opens and closes transactions for you, it will take all reasonable steps to achieve the best possible result for you by opening and closing those transactions according to our Order Execution Policy and subject to any specific instructions received from you. In all other circumstances, when LCG executes a transaction or order for you it will take into consideration a number of factors that allow it to offer the best possible result. For both retail and professional clients, this will mainly be determined by the price or costs (spread), followed by the size and nature of the transaction or order, the speed and likelihood of execution and settlement.

**Price or Costs** - If your order placed on the trading platform is accepted by the LCG dealers then your transaction will be executed at the price requested by you and at no other price, assuming there is no 'price error'. If your order is made over the telephone then, assuming there is no 'price error', your transaction will be executed at this price. For our pricing policy please see clause 6.

More information regarding our costs (spreads) can be found in our Market Information pages via the website.

**Transaction Size and Nature** - All transaction execution is subject to size considerations. If the requested transaction size is larger than LCG is able to trade in the 'underlying market' instrument on the relevant exchange at that time then the entire transaction or order may be rejected but LCG may offer greater liquidity than the 'underlying market' at its discretion. LCG will not make a 'partial fill' of any transaction except by agreement in the case of a telephone trade. Every market quoted by LCG has an absolute minimum and maximum permitted and this can be found by clicking on the information icon button associated with each market but this maximum transaction size may vary due to market conditions and is, at all times, at the discretion of the LCG dealers. In the event of a trade request of unusual size of where

the market in which the transaction has been requested is illiquid or very volatile LCG may, at its sole discretion, only accept the transaction after LCG has covered the exposure in the underlyingly market.

**Transaction Speed and Likelihood of Execution and Settlement-** In almost all circumstances, so long as you have sufficient margin available on your account for the transaction and so long as the transaction size requested is equal to or under the maximum internet size permissible, your transaction will be executed at the level requested. In certain circumstances due to speed of internet communications, market volatility or in the case of deliberate manipulation of our quoted prices your transaction may be rejected by our dealers if the price at which you have attempted to enter into a transaction is not representative of the 'underlying market' price when received by the dealers.

**Gapping (slippage)** - In most cases an order when triggered by market price action will be filled at the same, or very close to the same, price as requested on your order request. If the market opens at the start of the trading day at a price sharply different to the closing price of the previous trading session any order whose activation price is between the closing LCG quote of the previous day's trading close and the opening quote of the next day's trading session will be filled at the first price reasonably obtainable by LCG with reference to the 'underlying market'. This policy applies in the event of either advantageous or disadvantageous price movements.

If any market gaps from one quoted price to another due to any market sensitive piece of information (such as a profit warning or an economic data release) then any order in place between these prices will be activated. The execution price of any order affected by price sensitive information will be subject to general exchange rules. This means that they will be filled AFTER any transaction requests placed at the same time. For this reason, although there may be tick prints on charts provided by LCG that suggest better potential fill levels, an order activated by a major economic data announcement, by a profit warning or other significant market event may be subject to fill levels significantly different to these momentarily available quote levels and will also be filled with consideration to the size of the order in question.

**Market Hours** - Aside from those markets defined as being quoted 'out of hours' no order will be filled outside of LCG's specified quoting hours. Please note that some markets continue to trade outside of the quoting hours offered by LCG and in these cases there is significant potential of some gapping from one LCG trading session to the next LCG trading session. All orders in these markets will be subject to this gap in prices. Orders activated in 'out of hours markets' quoted by LCG are treated as though the underlying instrument were open and trading at that level required to activate the order.

**Guaranteed Stop Orders** - Where you give instructions via the use of a Guaranteed Stop Order, specifying the price at which a position is to be closed if the market moves against you, those instructions take precedence over other aspects of our Order Execution Policy. A transaction which has a Guaranteed Stop Order set against it will be closed at the specified level if it is reached.

#### 4. Trades and Orders

There are three types of instructions that our clients may give to execute or initiate a transaction with LCG.

**Transaction** - This is where you give an immediate instruction to buy or sell on a currently quoted price.

**Order (Standing Order)** - This is where you give an instruction to execute a transaction at a price that is not currently available in the market but may be available at a future date/time.

**Market Orders** - In certain cases when the transaction size is greater than the 'underlying market' size or where the 'underlying market' is illiquid (i.e. in certain AIM or small cap stocks) or where LCG may for various reasons attempt to work an order for the client in the market at a certain price then LCG will agree a corresponding single trade price for the whole position after completion of the 'underlying market' trade.

#### 5. Working Orders

In instances where a client enters into a transaction in unusually large transaction sizes, or where the client specifically requests, LCG may at its sole discretion place the orders directly into the 'underlying market'

using LCG's own name to execute the transaction. LCG will only 'work' two types of orders for clients, 'Single Price' orders and 'Market Orders' and such orders will only be 'good for the day'. 'Single Price' orders are where the entire 'underlying market' order is made at an agreed pre-determined price and no other (i.e. to sell if the market reaches a certain point and to just offer at that price). Such an order may be part-filled in which case the corresponding transaction size will be applied to the client account and any remaining unfilled part of the order would be cancelled at the close of business of that trading session. 'Market Orders' are orders that are triggered at a certain price and at which point the entire order is placed into the 'underlying market' and filled at the best available price at that time. LCG will place the order on to the electronic order book for the instrument concerned or, in the case of a non-electronically traded financial instrument; will place the order with a nominated broker who has access to the market makers who provide liquidity in the instrument concerned.

In the case of electronic execution of 'Market Orders' LCG will attempt to work the order with reference to the price or costs (spread), the likelihood of execution, the expected speed of execution and the size and nature of the order. LCG will use its experience to attempt to achieve the best possible outcome in relation to the aforementioned reference points for the client. Market Orders may be subject to significant slippage and will only be filled in their entirety if there is the 'underlying market' liquidity available to achieve. The subsequent transaction will be made at a single price reflecting the average price achieved by the 'Market Order'. If at any time LCG receives a price improvement on either of these order types then this price improvement must be passed onto the client.

Both order types may be cancelled by the client at any time but once an order has been activated it is unlikely that you will be able to cancel the whole transaction and you are obligated to accept any part of a worked order that is filled prior to cancellation.

## 6. Pricing Policy

LCG quotes prices with reference to a variety of factors which include the 'underlying market' price, the spread quoted by LCG, the time to expiry of the market, any dividends, stock splits, scrip issues or special cash payments of whatever nature which occur before the expiry of the market, interest rates, competitor pricing and weight of client business.

Further information in relation to the spreads for each market may be found on our Market Information Sheets.

In exceptional circumstances (such as increased volatility or illiquidity in relation to the underlying market concerned) LCG may be forced to alter the spreads offered.

## 7. Specific Instructions

When you provide us with specific instructions as to how to execute your transaction or order, then this may prevent LCG from taking the steps as set out in this Order Execution Policy. Such instructions will take precedence over other aspects of LCG's Order Execution policy. In those circumstances, our execution in accordance with your instructions will be deemed best execution.

## 8. Monitoring and Review

LCG will regularly monitor the effectiveness of this Execution Policy in order to identify and, where appropriate, correct any deficiencies and to ensure that it complies with all regulatory requirements and will continually review the various execution venues that it uses to create 'our quotes'.

## 9. Glossary of Terms

**Client Agreement** - The contractual agreement that you enter into when opening an account with LCG.

**Execution venue** - A location where financial instruments can be traded (i.e. the New York Stock Exchange, NYSE) LCG is the sole execution venue for your transactions placed via its internet portals or over the telephone.

**Market** - An individual market on which you can enter into a transaction.

**Order** - This is where you give an instruction to execute a transaction at a price that is not currently available in the market but may be available at a future date/time.

**Our Quote** - The price quoted by us in each market via our trading platform or over the telephone.

**Open Position** - A situation where you have an exposure to a particular market due to the fact that you have an unexpired transaction active on your account.

**Transaction** - The action of entering into a transaction using a quote given by LCG to either open a position or to close (or part close) an open position.

**Underlying Market** - A financial instrument acquired from an execution venue or from a wholesale quoting counterpart which underlies the quote made by LCG. For example the UK 100 Rolling Daily price is calculated with reference to the most liquid UK 100 futures contract (commonly called the Front Month) plus or minus a Fair Value (FV), which is comprised of 'cost of carry' time value plus any expected dividend component between now and the expiry of the UK 100 future. So the 'underlying market' for the UK 100 Rolling market is the UK 100 future (not the UK 100 index itself).