



# ORDER EXECUTION POLICY FOR RETAIL AND PROFESSIONAL CLIENTS

This document on Order Execution Policy for Retail and Professional Clients is effective from June 2023 and shall remain effective until a more recent version is released. Finalto Financial Services Ltd reserves the right to amend or supplement this Policy at any time. This Policy does not replace our Client 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/uk/](https://www.markets.com/uk/).

Financial products traded on margin carry high degree of risk to your capital. Spread bets, CFDs and Forex are complex high-risk instruments and therefore are not suited to all investors. **Spread bets and CFDs are complex instruments and come with a high risk of losing money rapidly due to leverage. 71% of retail investor accounts lose money when trading spread bets and CFDs with this provider. You should consider whether you understand how spread bets and CFDs work, and whether you can afford to take the high risk of losing your money.** FX, Spread Bets and CFDs are provided by Finalto Financial Services Ltd on an execution only basis; we do not provide any advice nor should any communication with us, either written or oral, be construed as such.

Finalto Financial Services Ltd ("Finalto FS") is a regulated investment services firm, authorized in the conduct of its activities by the Financial Conduct Authority ("FCA") under firm reference number 481853. Finalto FS is incorporated in England and Wales under company number 06557752 and is located on the 11th Floor, Broadgate Tower, 20 Primrose Street, London, England, EC2A 2EW.

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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](#).

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**Risk Warning:** Spread bets and CFDs are complex instruments and come with a high risk of losing money rapidly due to leverage. 71% of retail investor accounts lose money when trading spread bets and CFDs with this provider. You should consider whether you understand how spread bets and CFDs work, and whether you can afford to take the high risk of losing your money. Please read the full [Risk Disclosure Notice](#) which gives you a more detailed explanation of the risks involved.

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## 1. INTRODUCTION

Finalto Financial Services Ltd ("Finalto FS", the "Company", "we" or "us") is registered in England and Wales (Company Number: 06557752) and is authorized and regulated by the Financial Conduct Authority (FCA reference number: 481853).

## 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 Finalto FS'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.

## 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 Financial Services and Markets Act 2000 (Markets in Financial Instruments) Regulations 2017 which transposed MiFID II into UK law, as well as the key publications issued by the FCA.

Furthermore, this Policy complies with Section 9 of the Questions and Answers Document of the Financial Conduct Authority ("FCA") issued on 11 October 2016 with reference FCA/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. CLIENT AGREEMENT

This Policy is provided to you to help you understand, as a potential or actual client of Finalto FS, 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 Finalto FS's market making function, can be found in the Agreement available on our [website](#).**

## 7. OUR SERVICES AND THE SOURCE OF OUR PRICES

Finalto FS acts as a principal on all client trades and therefore execution sits with Finalto FS. We allow Clients to execute through various venues: our proprietary platforms (desktop, web and mobile versions), the Metatrader platforms, or phone orders to

our dealing desk. Each Client is responsible for all orders placed by that Client and should fully understand the mechanics and method of execution of each order before placing it.

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

CFDs and Spread bets 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 ("ETFs")	ChinaAMC CSI 300 Index, SPDR Dow Jones Industrial Average, iShares MSCI South Korea
Cash Indices	USA500, UK100, Germany30, Spain35, USA30.

It is noted that 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. 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.

## 7.1. The basis of your dealing with us

When you enter into any order to Buy or Sell trade on our online trading platforms, you trade with us as our counterparty. Finalto FS acts as a market maker and we are the Principal to each trade that you enter and not as an agent on your behalf unless we inform you otherwise.

That means that all of your orders are executed directly with Finalto FS who is the counterparty to all transactions. Subject to prior written agreement, trading charges may be incorporated as an addition to bid/offer price (the difference between the price at which we take a principal position and the transaction execution price with you). Finalto FS may alternatively agree to charge a commission or a combination of commission and mark-up or mark-down. Finalto FS charges are not taken into account in determining best execution prices. We are required to take a number of factors into account when considering how to give you best execution including price, costs, size, liquidity of the underlying market, speed and likelihood of execution and settlement. The way in which we will ensure that you obtain best execution is by ensuring that in our calculation of our bid/offer prices we pay due consideration to the market price for the underlying referenced product. We have various different data sources through which we ascertain the fair market price that we use to form a fair, tradable Finalto FS bid/offer.

In particular, 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/Spread bets, 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 Swap (Swap Fee)
  - 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.

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 instrument 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"**) and an **Ask** (higher price which is the price at which you as the client may **"Buy"**).

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 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/spread bet 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

Finalto FS 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 Finalto FS 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.

Finalto FS derives its prices from one or more data sources that reflect the underlying exchange's prices. Where this data is unavailable, Finalto FS will base its prices on the last traded price of the underlying instrument. All cash instruments are subject to daily financing (this does not apply to futures contracts).

In relation to some financial instruments, at the time at which you submit an order there may be no functioning or open market, or exchange on which the reference product is traded. In such cases, we set out to determine a fair underlying price based on a number of factors such as price movements on associated markets and other market influences and information about our Client's orders. Also, at such times when the market may be illiquid, trade halted or suspended, and it is not reasonable to expect fair derivation of the price, we reserve the right not to execute your order. All execution is symmetrical which means if the price is not available on a stop order and the order is executed at next available price, same will happen to limit orders and they will be improved. Regular reviews of execution levels are conducted by Finalto FS.

Finalto FS applies a standardized method of calculation to all 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. Finalto FS 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.

Finalto FS 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.

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.

### **Extreme market conditions and market events outside Finalto FS control**

In an event of extreme market conditions and unusual trading circumstances caused by, but not limited to, central bank interventions, natural catastrophe, or war, Finalto FS will endeavour to provide bid and offer prices, and if able, as close to normal market conditions as possible. We cannot however guarantee that we will be able to provide pricing if liquidity in the underlying markets is suspended or for some other reason not available. We will mimic, as close as possible, underlying market conditions and come back online as soon as reasonably possible. Prices, execution and trading times will often depend on those that the Finalto FS is getting from its liquidity providers.

### **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 product.

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.

### **7.4. 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. The 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**

### **CFD/Spread Bet**

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. Please

also refer to the information on the quality of execution (RTS 28) and the Best Execution Quarterly Statistics (RTS 27) which are available in our website.

Finalto FS uses automated systems to route and execute Client orders. Finalto FS will act as a principal to Client orders, including where orders are directly routed to Finalto FS's liquidity providers, whereupon Client execution may depend on the execution Finalto FS receives from its liquidity providers. We will use liquidity providers that we consider of highest quality and that provide Best Execution in-line with the terms of this Best Execution Policy. These liquidity providers will be reviewed regularly, and any potential issues will be reported to senior management and reviewed in detail.

In some rare circumstances, there may be delays in execution of orders, including orders placed through online trading systems. Some orders placed through online trading systems may be handled manually in circumstances where high traffic in electronic orders causes a back log due to, but not exclusively, excessive volatility causing illiquidity in underlying markets. In such circumstances Finalto FS may discontinue normal automatic execution procedures and turn to manual execution, leading to possible delay in execution. In order to minimize such a risk, Finalto FS has in place procedures and arrangements which to the furthest extent possible provide for the prompt, fair and expeditious execution of client 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. BEST EXECUTION

### 9.1. What does Finalto FS mean by 'Best Execution'?

Best Execution is the process by which Finalto FS 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 Finalto FS'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 Finalto FS 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. 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. In general, Safecap does not apply different execution arrangements between larger and smaller positions and as such the execution factors are the same across all orders. When placing an order, we will in most cases execute and confirm the trade within 100-300 milliseconds, when volume requested is of size which can be supported and justified by underlying market volumes and depth of liquidity. When a request on an illiquid or otherwise not so liquid asset is received, we may reject the trade or manually process the order to provide a price which is realistic and fair according to the liquidity of the underlying market. During manual processing, execution and confirmation may be delayed.	Low



Factor	Explanation	Importance
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
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. 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 trade with us will always be better than one which is or might have been offered elsewhere.

When Finalto FS 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 product (CFD or Equity) bet 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, Finalto FS 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, Finalto FS will view them on a cumulative basis for the purpose of determining such additional mark up and / or charges.

## 9.2. 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

## 9.3. Best Execution Monitoring and review

Finalto FS 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.

## 9.4. Trade Sizes for CFD/Spread bet trading

For every CFD/Spread bet 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.

Finalto FS 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.

## 9.5. Slippage for CFD/Spread bet trading

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

### 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.

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:

- Slippage or execution at a substantially different price from the quoted bid or offer, as well as partial executions. The possibility of slippage increases during fundamental announcements, at illiquid times, and at times of extreme market volatility. The release of fundamental data and extreme world events may cause increased volatility in the market. When economic data or world events are announced, the market may “gap” in a particular direction. This means that there are no tradable prices between the actual price at which the market was trading prior to a fundamental announcement, or world event, and the price available after the market has adjusted, following the announcement or event. Prices move very quickly and orders are executed in some cases at prices very far away from the stop price. As mentioned above, all execution will be symmetrical and market and limit orders will be treated in the same way as stop orders. This means that gaps in the market may work against the Client as well as in Client’s favour.
- Delays in executing orders for financial instruments that are directly routed to Finalto FS’s liquidity providers. Prices at which orders are executed may be different from that requested, but Finalto FS will always aim to act in Client’s best interest and achieve the best fill possible.
- If positions and orders are left overnight, market opening prices may differ substantially from the previous day’s close, depending on where the underlying instruments opens on the following day.
- “Locked” (the bid equals the offer) and “crossed” (the bid is higher than the offer) markets on the exchange or other market participants, which prevent the execution of Client trades are also a risk. This includes limit up/down situations on some underlying futures markets and suspension of shares due to an imminent news announcement. This also includes technical issues with underlying exchanges.
- Price volatility is one factor that can affect order execution. When Clients place a high volume of orders with brokers, order imbalances and backlogs can occur. This implies that more time is needed to execute the pending orders. Such delays are usually caused by the occurrence of different factors:
  - a) Number and size of orders to be processed (usually due to major economic announcement);
  - b) Speed at which current quotations (or last sale information) are provided to Finalto FS; and/or
  - c) System capacity constraints applicable to the given exchange, as well as to Finalto FS.

Finalto FS does not permit the practice of arbitrage, nor does it allow clients to take advantage of price latency due to internet delays (See Invalid Prices and palpable errors, below). Transactions that rely on price latency or arbitrage opportunities may be revoked. Finalto FS reserves the right to make the necessary corrections or adjustments on the Account(s) involved, including, but not limited to, withholding any profits made by Client while using these trading tactics. Accounts that rely on arbitrage strategies may at the sole discretion of Finalto FS be subject to Finalto FS's intervention and manual approval of all Orders.

## 9.6. Speed of Execution and Latency for CFD/Spread bet trading

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 0.1 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 0.1 seconds.

## 9.7. Costs and charges

### 9.7.1. Spread Cost

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

### 9.7.2. Currency conversion fee (Foreign exchange costs)

Investing in a product with an underlying asset listed in a currency other than your base currency entails a currency risk. Due to the fact that when the position 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.

Currency conversion fee (Foreign exchange costs) 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 Swap (Swap Fee), CFD Rollovers and adjustments for Corporate Actions (such as Dividends and Splits), depending on the applicable parameters per product.

As an example, if the account currency is US dollars and you open a CFD 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 Currency conversion fee (Foreign exchange costs) for CFDs is set at 0.6%. Please refer to the example available in the Cost & Charges document in our [website](#) for more information.

**Example:**

Account is denominated in EURO and you want to open a position on APPLE which is quoted in US dollars. You buy long Apple of 6 contracts.

Apple price at opening:		Apple price at closing:	
BID	147.58	BID	155.32
ASK	147.93	ASK	155.67

If:

Margin requirement 10%

EURUSD Currency conversion fee (Foreign exchange costs) at opening: 1.14360

EURUSD Currency conversion fee (Foreign exchange costs) at closing: 1.12990

Margin Fee: 0.6%

Used Margin: (mid-price\*margin requirement) \*volume)=(147.76\*10%)\*6= 88.66 USD

Used Margin Converted into EUR: 88.66/1.14360= 77.52 EUR

Margin Fee at opening of the position: User Margin \*margin fee = 77.52\*0.6%= -0.46 EUR

Used Margin at closing Converted into EUR: 88.66/1.12990=78.46 EUR

Margin Fee at closing of the position: 78.46\*0.6%= -0.47 EUR

Margin P/L: Closing Margin - Opening Margin = 78.46 - 77.52= 0.94

Total Margin Fee: (-0.46)+(-0.47)= -0.93

Closed P/L: ((Closing Price- Opening Price)\*volume) = (155.32-147.93)\*6) = 44.34 USD

Closed P/L in EUR: Closed P/L in USD/ Currency conversion fee (Foreign exchange costs)= 44.34/1.12990=39.24 EUR

P/L Currency Conversion Fee (Foreign exchange costs): Closed P/L \* Currency Conversion Fee (Foreign exchange costs) = 39.24\*0.60% = 0.24 EUR

Margin Adjustment: Margin Fee+ Margin p/L= 0.94+(-0.93) = 0.01 EUR

Closed P/L after margin adjustment and Currency Conversion Fee (Foreign exchange costs): closed P/L +margin adjustment+ P/L Currency Conversion Fee (Foreign exchange costs) = 39.24+0.01+(-0.24) = 39.01 EUR

### 9.7.3. Overnight Swap (Swap Fee)

A daily overnight swap (Swap Fee) charge will apply to each open position if it is held overnight. The overnight swap (Swap Fee) 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. 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 Swap (Swap Fee) Charge used by the Company:

Depending on the products, the Financing Charge is set as per the below table:

Asset class	Amount
FX	3.75%
Indices	3.75%
Oil	7%
Shares	6%
Commodities	7%
Bonds	3.75%
ETFs	6%
Natural Gas	10%
VIX Volatility Index	10%

#### Expiration Rollover:

Where the underlying instrument of a CFD/Spread bet is a Future or similar instrument (but excluding any Cash Index), there will be an expiration date. However, you should be aware that CFDs/Spread bets are not traded up until the exact expiration date of the underlying instrument. Instead, they 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.

The price difference between the price of the expiring Future contract underlining your original CFD/Spread bet Order as at the expiration date and the price of the rolling over (new) Futures contract underlining your effectively new Order (being the next underlining 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/Spread bet being rolled-over. This effectively aligns to the cost that you would have incurred if your Order would have been closed on the expiration date and you would open a new 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 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 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 Future contract, based on the distance you selected for such loss/take profit levels for the original 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 Finalto FS for calculating the Rollover Charge:**

- MT4 and MT5 Platforms:  
(Lots x Contract Size) x [(New Contract – Old Contract Price) + Spread] + Overnight swap (Swap Fee)
- MT5 Platforms  
(Lots x Contract Size) x [(New Contract – Old Contract Price) + Spread]
- Markets Web / Mobile Trader:  
Quantity x [(New Contract – Old Contract) + Spread]

#### **General rules:**

New Price < Old Price = Credit for Long Positions/Debit for Short Positions

For full information on our Overnight Swap (Swap Fee) charges please refer to the Section "Trading Conditions" below, as well as to the Cost & Charges document available in our website.

#### **9.7.4. Commissions**

The Company does not charge any commission fees on CFDs.

#### **9.8. Negative Balance Protection for CFD/Spread bet accounts**

We offer to all of our CFD/Spread bet trading 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 trades connected to your account, ensuring that your maximum losses from trading, 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 trades connected to the account.

In the event of a sudden movement or gap in the price of the product 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.



## 10. TYPE OF ORDERS

### 10.1. CFD/SPREAD BET TRADING ON MARKETS.COM MOBILE/WEB TRADER

#### 10.1.1. 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).

#### 10.1.2. Pending Orders

The user may specify the attached order level by indicating the price at which the attached order should be booked or the number of points from the parent order level at which the attached order should be booked. 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.

##### 10.1.2.1. 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.

##### 10.1.2.2. 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.

##### 10.1.2.3. 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. Stop Orders are executed at the price designated by the Client or, in the case of gapping, the first available price. Buy Stop orders are executed at the next available offer price and Sell Stop orders are executed at the next available bid price.

##### 10.1.2.4. 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.

### 10.2. CFD TRADING ON META TRADER 4 (MT4) AND META TRADER 5 (MT5)

#### 10.2.1. 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.

#### 10.2.2. Pending Orders

The user may specify the attached order level by indicating the price at which the attached order should be booked or the number of points from the parent order level at which the attached order should be booked. All types of pending orders specified in this paragraph are executed in market price which can be different from the order price.

### 10.2.2.1. 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.

### 10.2.2.2. 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.

### 10.2.2.3. 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. Stop Orders are executed at the price designated by the Client or, in the case of gapping, the first available price. Buy Stop orders are executed at the next available offer price and Sell Stop orders are executed at the next available bid price.

### 10.2.2.4. 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.

### 10.2.2.5. 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.

## 11. 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.

### 11.1. 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.

### 11.2. Off-market price/spike

Invalid prices occur when incorrect price information is entered into the trading platform. Internet, connectivity delays, and price feed errors may create a situation where the prices displayed on the trading platform do not accurately reflect market rates. 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.

Palpable error is defined as a clear mispricing of any instrument by Finalto FS. When declaring a palpable error, Finalto FS will act reasonably and may, without limitation, take into account the exchange price of the underlying asset at the time of the error, and/or any error or lack of clarity within any pronouncement or information upon which Finalto FS relied in order to derive a bid/offer price.

In case of palpable error, any trade that resulted due to an order being filled basis such palpable error, will be invalid and reversed so that no P/L occurs, and commissions (if any) credited back to Client's account

#### **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.

### **11.3. 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, Finalto FS shall consider it as abusive behavior.

Should Finalto FS 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" or "Latency 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,

Finalto FS 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.

## 12. CORPORATE ACTIONS AND ASSET MATERIAL ADVERSE CHANGE

If the price of a share CFD/Spread Bet 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/Spread Bet, aiming to neutralise the economic effect of the corporate action on the CFD/Spread Bet 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.

### 12.1. Types of Corporate Actions

#### 12.1.1. Dividends in relation to CFDs/Spread Bets

In case of dividend distribution by the issuer of the underlying shares in a CFD/Spread Bet, 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. Please note that we will deduct 30% withholding tax from the credited dividend amount when you trade CFDs on US instruments in accordance with the US IRS requirements. Withholding tax is income tax paid to the government by the payer of the income rather than by the recipient of the income. The % withheld may be reduced if you are able to provide us with the W8-BEN (or W9) form to evidence your tax residence and assess whether a different tax treatment should be applied to your account. 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 1:**

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:

$$(\text{Quantity (units)} \times \text{dividend amount}) - \text{WTH}$$

If you are holding a Long position of 50 units US500 CFD, you will receive a positive adjustment of  $50 \times (0.05 - (0.05 \times 0.3)) = 1.75\text{USD}$

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

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

##### **Example 2:**

SPA35 Cash dividend 0.07EUR

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:

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

If you are holding a Long position of 50 units SPA35 CFD, you will receive a positive adjustment of  $50 \times 0.07 = 3.50\text{EUR}$

If you are holding a short position of 50 units of SPA35 CFD, you will receive a negative adjustment of  $50 \times 0.07 = 3.50\text{EUR}$

#### 12.1.2. Dividends in relation to Cash Index CFDs/Spread Bet

Cash dividends are applicable to Cash Index CFDs/Spread Bet. 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.

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 Finalto FS's rights in respect of the Corporate Actions set out in your Investment Services Agreement.

### 12.1.3. 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 product 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)

$606.97 - (606.97 \times 0.1428571) = 606.97 - 86.7099 = 520.26 \text{ USD}$

Then the adjustment factor is multiplied by the units:  $520.26 \times \text{units}$ .

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

### 12.1.4. Rights Issue in relation to CFDs/Spread Bets

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 product 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.

## 12.2. Asset Material Adverse Change

If: (i) a Corporate Action occurs in relation to a Financial Instrument which is underlying any 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 product 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.

## 13. REGULAR REVIEW

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

Finalto FS 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. Finalto FS 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, expiration period and other CFD/Spread Bet product features shall not be deemed material for the purposes of this Policy.

## 14. 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 Finalto FS at all times.

## 15. IMPORTANT INFORMATION FOR CFDS/SPREAD BETS

### 15.1. Leverage and Margin information

Trading on leveraged capital means that you can trade amounts significantly higher than the funds you invest, which only serve as the margin. High leverage can significantly increase the potential return, but it can also significantly increase potential losses. Please see above an explanation on our "Negative Balance Protection" where we guarantee that you cannot lose more funds than what you have invested. The leverage is variable as a ratio. This means that you, as our client, can trade with amounts many times higher than you could invest in a particular CFD/Spread Bet without the margin we provide.

Sometimes the Leverage is expressed in percentage terms – and referred to as Margin requirement. For example, a leverage of 1:30 is a margin requirement of 3.34%.

In relation to Leverage and Margin, we are required:

- a) To set leverage levels that reflect your knowledge and experience in trading in complex financial instruments given that trading with leverage and margin is a key characteristic of trading in CFDs/Spread Bets;
- b) To have regard to our duty to treat you fairly by avoiding aggressive leverage practices towards you;
- c) To have regard to the underlying performance fundamentals of the financial instrument on which the CFD/Spread Bet is based, including historic volatility, depth of market [liquidity and trading volumes], market capitalization of the issuer and country of issuer of the underlying financial instrument, our ability to hedge market risk and the general political and economic environment. We adjust and calibrate the above variables in determining the leverage levels we offer for asset classes or financial instruments.
- d) Given that we effectively provide the leverage for which you trade, to have regard to our own risk management appetite and risk bearing capacity and to have in place policies, procedures and practices to manage our (primarily) market risk emanating from such leverage and margin trading by our clients;
- e) To apply regulatory requirements and caps as set by the regulator in any jurisdiction we offer our services to.
- f) To inform you Trading CFDs/Spread Bets and FX Contracts is highly speculative, involves a significant risk of loss and is not suitable for all investors but only for those customers who: understand and are willing to assume the economic, legal and other risks involved; are experienced and knowledgeable about trading in derivatives and in underlying asset types; are financially able to assume losses significantly in excess of margin or deposits because investors may lose the total value of the contract not just the margin or the deposit.

Depending on the platform you choose to trade, a tiered margin model might affect the required margin for your position. As the volume / lot size per instrument increases, the margin required for the position is increased accordingly which means that accordingly the leverage will decrease for the volume falling within the next tier. This is applied in an independent manner per instrument, meaning that if you have open positions across multiple instruments, the margin will be calculated separately for each instrument.

In addition, we may modify the Margin requirements applicable to any new (but not existing) positions of our customers for the purpose, inter alia, of preventing abusive trading and managing our market exposure in the following circumstances:

- We may change the Margin requirements applicable to any positions opened less than 1 (one) hour before the closing of the market of the underlying Financial Instrument (or other instrument) of the CFDs;
- We may change the Margin requirements applicable to any positions opened less than 1 (one) hour after the opening of the market of the underlying Financial Instrument (or other instrument) of the CFDs;
- We may change the Margin requirements applicable to any positions opened less than 1 (one) before and after any schedule earnings reports or announcements by the issuers of the underlying Financial Instrument (or other instrument) of the CFDs;
- Where changes in Margin are necessary to control our total market exposure.

Notwithstanding the above, we reserve the right to alter the timeframes for Margin changes stipulated above in the event of unforeseen changes in the market conditions or where it is otherwise necessary to prevent abusive or manipulative trading. You are advised to monitor our Electronic Trading Platforms and the Website for up-to-date information regarding the Margin requirements.

#### 15.1.1. Retail Clients

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

In general, we internally classify Retail Clients as follows:

- a. Experienced Retail Clients: Clients that score high marks in our Appropriateness test, demonstrating satisfactory knowledge and experience in trading in complex financial instruments like CFDs;  
Experienced Retail Clients can trade with a variable leverage ratio which cannot exceed 1:30 subject to the caps that we may apply based on our internal principles of risk appetite and tolerance. We reserve the right to introduce additional leverage levels up to the cap of 1:30.
- b. Less Experienced Retail Clients: Clients that score average marks in our Appropriateness test. Whilst such clients are deemed to possess certain knowledge and experience in trading in complex financial instruments like CFDs, their trading is only enabled after they receive extensive risk warnings which they acknowledge, accept and consent to. In order to further protect these clients, we are introducing restrictions on the leverage they can use for their trading with us. These restrictions will apply until the client undertakes 40 trades in 4 consecutive months, with a minimum of 2 trades in each of the four

months. We restrict the leverage ratio to 1:30 or at any lower level that we may apply based on our internal principles of risk appetite and tolerance.

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](#)

We reserve the right to reduce leverage ratios for CFDs/Spread bets 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.

#### Example – Retail Client:

A client with account leverage of 1:30 books the following orders throughout the week and in different times:

- a Long USD/HUF position with volume 1,000,000 at the price of 279.312
- a Long USD/HUF position with volume 1,000,000 at the price of 279.329
- a Long USD/HUF position with volume 1,000,000 at the price of 279.325
- a Long USD/HUF position with volume 1,000,000 at the price of 278.592
- a Long USD/HUF position with volume 1,000,000 at the price of 278.589
- a Long USD/HUF position with volume 1,000,000 at the price of 278.592

Considering the below margin requirement tier ranges:

Symbol	Tier Range	Min Margin Requirement
USD/HUF	\$0- \$5,000,000	5.0%
	\$5,000,000 - \$10,000,000	7.5%
	> \$10,000,000	10%

The client's total used margin for the total USD/HUF exposure will be:

Order	Tier	Price	Quantity	Margin Requirement	Margin Used (\$)
1	Tier 1	279.312	1,000,000	5.0%	50,000
2	Tier 1	279.329	1,000,000	5.0%	50,000
3	Tier 1	279.325	1,000,000	5.0%	50,000
4	Tier 1	278.592	1,000,000	5.0%	50,000
5	Tier 1	278.589	1,000,000	5.0%	50,000
6	Tier 2	278.592	1,000,000	7.5%	75,000

Total	6,000,000	325,000
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\*The above numbers are indicative and do not take into consideration other factors which may affect the execution or margin used such as Currency conversion fees (Foreign exchange costs) or spread

#### 15.1.2. 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.

**Example – Elective Professional**

A client with account leverage of 1:300 books the following orders throughout the day and in different times:

- a Long EUR/USD position with volume 3,000,000 at the price of 1.14545
- a Long EUR/USD position with volume 3,000,000 at the price of 1.14543
- a Long EUR/USD position with volume 3,000,000 at the price of 1.14541
- a Long EUR/USD position with volume 3,000,000 at the price of 1.14540

Considering the below margin requirement tier ranges:

Symbol	Tier Range	Min Margin Requirement
EUR/USD	€0 – €3,000,000	0.34%
	€3,000,000 – €10,000,000	0.50%
	€10,000,000 – €50,000,000	2.0%
	> €50,000,000	5.0%

The client's total used margin amongst all four EUR/USD positions will be:

Order #	Tier	Price	Quantity	Margin Requirement	Margin Used (\$)
1	Tier 1	1.14545	3,000,000	0.34%	11,684
2	Tier 2	1.14543	3,000,000	0.50%	17,181
3	Tier 2	1.14541	3,000,000	0.50%	17,181
4	Tier 2	1.14540	1,000,000	0.50%	5,727
	Tier 3	1.14540	2,000,000	2.00%	45,816
Total		12,000,000		97,589	

\*The above numbers are indicative and do not take into consideration other factors which may affect the execution or margin used such as Currency conversion fees (Foreign exchange costs) or spread.

**15.2. Introduction to Margin Level**

The Margin Level indicates how close your account is to a margin call. It is calculated as Equity/Initial Margin and is typically shown in "%". When the margin level decreases, your account bears an increased risk of liquidation. We call this the Close Out (stop out) Level and explain it further below. You are advised that you should monitor this margin level at all times. Whilst we may from time to time send you notifications of your Margin Level reaching certain thresholds, you are reminded that under the Retail Client Investments Services Agreement between you and us it is your responsibility to monitor at all times the margin level and take relevant actions.

Please note that we do not provide advice for the trading decisions and actions you take, including with respect to the actions you may take to address the Margin Level requirements.

**15.2.1. What is Free Margin?**

Free Margin is the sum of funds you have available to use as initial margin for new positions. This is calculated by subtracting the margin used for your current open positions from your Equity.

**15.2.2. What is Maintenance Margin?**

Maintenance Margin refers to the minimum equity you need to have in order to keep your positions open. This is also commonly referred to as "maintenance requirement" or "minimum maintenance". If your equity falls below the minimum equity, the Margin Close out Level will be met and your open position(s) will start liquidating, without any notice by us to you, starting by the most losing position(s). The Maintenance Margin requirement varies depending on the financial instrument. Our default Margin Close Out Level is set at 50% as described in our Investment Services Agreement.

**15.2.3. What is Used Margin?**

Used Margin indicates the sum of margin being used by your current open positions. It is calculated by adding the initial margins of all your open positions.

## 15.2.4. What is Margin Level?

A margin level is calculated by dividing the current Equity and the Used Margin.

Margin level % = (Equity / Used Margin) \* 50

The margin requirement is specific for each asset class/instrument and can be found here.

Please note that we reserve the right to change at our sole discretion the margin requirements without prior notification to you, based on actual or expected (in our opinion) market volatility or our view of market conditions in general.

## 15.3. Our Margin Call Policy

We advise you that it's your sole responsibility to monitor the margin level of your positions in real-time via your web trading platform or your mobile/tablet app.

In the event that your margin level drops to or below 100%, you will not be able to open any new positions. If you are a Markets.com Web / Mobile Trader platform client, in the event that your Equity falls below 70% of the Used Margin of your account, we will send you an email and/or any other notification. This notification acts as an early warning of the performance of your open positions with us. Please note that this is an additional service from us to you and does not create any obligation or responsibility on us, for either the performance of your trading account, or for notifying you of the current margin level and the action that you may wish to take. Note that if you are an MT4/MT5 client, you will not be receiving any specific notifications at the 70% level. Please therefore monitor the performance of your positions on an ongoing basis and take the action you consider appropriate.

As mentioned above, the 50% margin level is the minimum level you need to maintain for your open position(s).

Should your margin level falls below the minimum of 50%, then we reserve the right to liquidate all or a part of your open trades and close any open positions at our discretion, until your account margin level rises above the 50%. We will liquidate positions starting from the position with the highest loss.

Please note that we do not provide advice for the trading decisions and actions you take, including with respect to the actions you may take to address the Margin Level requirements such as the ones we refer to above.

## 15.4. Trading Conditions for CFDs and/or Spread Bets

Further information on trading conditions, including Trading Hours, Spreads, Leverage, CFD Rollover charges, Overnight swap (Swap Fee), 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/uk/full-asset-list>, and
- For MT4 and MT4 Mobile platforms, please visit <https://www.markets.com/metatrader-4-trading-conditions>, and
- For MT5 and MT5 Mobile platforms, please visit <https://www.markets.com/metatrader-5-trading-conditions>.

## 15.5. Offering of CFDs/Spread Bets in certain jurisdictions.

CFDs/Spread bets 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/Spread bets.

## 15.6. Questions.

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

## APPENDIX A – FEED PROVIDERS

Finalto FS streams all exchange traded products directly from relevant exchanges and it receives its Forex feed from Finalto Financial Services Limited ("FinaltoFS") which is authorized and regulated by the Financial Conduct Authority with reg. no. 481853. In addition, FinaltoFS is a company operating independently from Finalto FS but which is ultimately controlled by our parent company. All our dealings with FinaltoFS are at a commercial arms-length basis. Finalto FS does not remunerate FinaltoFS on the basis of revenues generated from our clients' trading.