



# Order Execution Policy

CMC Markets Investments Limited  
*December 2023*

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**CMC Markets Investments Limited**  
**Order Execution Policy (“OEP”)**  
**December 2023**

**Contents**

1	Introduction .....	2
2	Best execution .....	2
3	Execution factors .....	2
4	Order handling.....	5
5	Governance, monitoring and review.....	7
6	Notification to clients .....	8
	Schedule – Definitions.....	9

## 1 Introduction

- 1.1 Capitalised words used in this OEP shall have a special meaning set out in the Schedule to this OEP or in the FCA Rules. Capitalised words that are not defined in this OEP shall have the meaning given to them in the General Terms of Business.
- 1.2 CMC Markets Investments Limited (referred to below as “CMC Invest” “we”, “us” or “our”) is committed to treating you fairly and acting in your best interests when we execute your Orders. In this document, we summarise the process by which our Application executes your Orders in accordance with our regulatory duty to take all sufficient steps to obtain the best possible result for you. When you trade through our Application you consent to your Orders being executed in the manner described below.
- 1.3 CMC Invest provides execution and order transmission Services in relation to Investments. We have an obligation to take all sufficient steps to obtain the best possible result for our clients when carrying out transactions in Investment on their behalf. This obligation is subject to instructions we receive from our clients and considers the nature of the Orders that they place, the products that they have instructed us to trade and the markets that we transact on.
- 1.4 This OEP explains how we handle your Orders, the types of Orders that you can place through our Application, the factors that we will consider when transmitting them to others for execution and the steps that we will take to monitor and review the execution quality. This OEP applies to all our clients.
- 1.5 We do not owe our clients any fiduciary duties or responsibilities over and above the specific regulatory obligations placed upon us or contractually agreed with our clients.

## 2 Best execution

Where we transmit an Order to another firm for execution (such as an executing broker), we must take all sufficient steps to obtain the best possible result for you. We are required to take certain factors into account in determining the best possible result, which are described in more detail below. This OEP covers the steps that we take to achieve best execution on a consistent basis.

## 3 Execution factors

- 3.1 When seeking to obtain the best possible result for our clients, we consider the following execution factors:
  - (a) price;
  - (b) costs;
  - (c) speed of execution;
  - (d) likelihood of execution and settlement;
  - (e) size of Order;
  - (f) nature of Order;
  - (g) level of pre-trade transparency; and
  - (h) any other consideration relating to the execution of the Order.

## 3.2 Relative importance of execution factors

3.2.1 When executing Orders, we are required to consider the following criteria for determining the relative importance of the execution factors referred to in paragraph 3.1 above:

- (a) the characteristics of the Order;
- (b) the characteristics of the Investment that is the subject of the Order (e.g., the asset class and the way the instrument is traded); and
- (c) the characteristics of the execution venues to which that Order can be directed.

3.2.2 When dealing in an Investment on your behalf we will exercise our discretion in assessing the criteria that we need to consider achieving best execution. The relative importance of these criteria will be judged on an order-by-order basis, in line with our commercial experience and with reference to market conditions.

3.2.3 We always apply to every trade our processes for achieving the best possible result for you, as outlined in this document. In the absence of any specific instructions, we will give precedence to the factors that allow us to deliver the best possible result in terms of total consideration. For this purpose, the total consideration represents the price of the Investment and the costs related to execution, which must include all expenses that you will incur which are directly related to the execution of the Order, including execution venue fees, clearing and settlement fees and any other fees paid to third parties involved in the execution of the Order. We may give the other factors priority over the immediate price and cost consideration only as far as they are instrumental in delivering the best possible result in terms of the total consideration. Where you provide us with specific instructions relating to an Order, these instructions may conflict with our processes for obtaining the best possible result for you. We will follow our own processes and modify them to implement any specific instructions you have provided to us. Where your instructions affect or constrain our processes for obtaining the best possible result, your instructions may mean you do not receive as good a result as you might otherwise have achieved, or it could result in an improvement over what would otherwise have been achieved. Where you give us specific instructions, our obligation is to ensure that these are carried out as instructed within our best execution framework. For further information on how we will assess the relative importance of the execution factors, please see below.

## 3.3 Price and cost (total consideration)

We will always strive to achieve the best price for an Order, and this will usually be the highest priority criteria in achieving best execution in all cases. When assessing which venue to execute or place an Order on, we will also consider all charges which may be passed onto the client to ensure the best outcome in terms of total consideration is obtained.

## 3.4 Speed of execution

The speed of execution may be important for highly traded Investments, where prices may move quickly and as delays in the execution process may lead to a poor execution price.

## 3.5 Likelihood of execution and settlement

In some instances, our ability to execute and settle the Order may be the primary factor to be considered. Where a security is illiquid, the size of the Order is prohibitive, or some other factors impacts the Order, the OEP will ensure that executing the Order takes precedence over other

factors. However, for the avoidance of doubt, the likelihood of execution and settlement may be given precedence over the immediate price and cost consideration only as far as they are instrumental in delivering the best possible result in terms of the total consideration.

### 3.6 Size and nature of the Order

The best price in a market may be represented in a particular size which may not match the size of an Order. Where your Order is larger than the typical quoted size, then the part of the Order executed over and above the threshold may only be available at a less favourable price. There are various strategies for trading large Orders, and we will exercise our discretion where there is no other instruction from the client. We will also take whatever steps we deem necessary to try to avoid negatively impacting the market, or to avoid distorting the impression of the volume, liquidity or price of any security ("Market Abuse") as Market Abuse is prohibited.

### 3.7 Level of pre-trade transparency

Pre-trade transparency helps contribute to making the best decision regarding where to route an Order. Lack of transparency could cause an Order to be sent without the most up to date price and liquidity information being available at the time of the decision, which could lead to sub-optimal outcomes for the client. This could be a particularly important factor for instruments that are deemed illiquid where the transparency obligations are less strict.

### 3.8 Execution venues

- 3.8.1 We currently use CMC Markets UK Plc ("CMC Markets UK"), which is an Associate to facilitate our trading on a principal basis. CMC Markets UK will transmit the Order to a third party outside of the Group for execution, such as an executing broker who has a relevant relationship with trading venues. The executing broker will determine how an Order is filled to achieve the best result for you, and we will continually monitor and look to improve how Orders are filled. This may mean that in certain circumstances your Order may only be partially filled.
- 3.8.2 We execute Orders in Mutual Funds by submitting Mutual Funds Orders in line with our cut-off time to a third party outside the Group for execution, your Orders will then be executed at the next available Valuation Point.
- 3.8.3 By accepting this OEP, you agree that your Orders may be executed outside of a Regulated Market, Multilateral Trading Facility or Organised Trading Facility (as such terms are defined in the FCA Rules).
- 3.8.4 Order prices may include a reasonable buffer to increase the likelihood of execution to cover any price movement between time of order and time of execution, which will be included in indicative pricing displayed on our Application. Where your Orders are executed "over the counter," or "off-exchange," we gather relevant market data to check whether the executed price was fair and delivered in accordance with our best execution obligations.
- 3.8.5 We regularly review relevant data on the quality of execution obtained by our third-party execution broker and have conducted our own internal analysis. Considering this analysis and for the reasons explained above, we have concluded that we are able to meet our obligation to take all sufficient steps to obtain on a consistent basis the best possible result for the execution of client orders by handling Orders in this way. Please see Section 5 on *Governance, monitoring and*

*review*, for a description of our processes for keeping this position under review and for further information on our execution quality monitoring.

- 3.8.6 We will not use any other execution venues that we have not approved. We follow internal procedures for the selection of execution venues to satisfy ourselves that continuing to use a particular execution venue will enable us to obtain best execution on a consistent basis. These procedures include carrying out the following due diligence on new execution venues before we approve them:
- (a) financial strength (which is relevant for likelihood of execution);
  - (b) the ability to offer the best price or liquidity;
  - (c) the ability to settle trades in a timely manner;
  - (d) screening against various regulatory and sanctions issues;
  - (e) general technological capabilities (e.g., capacity to handle high volumes of orders);
  - (f) where relevant, whether they agree contractually to comply with best execution obligations; and
  - (g) counterparty risk.
- 3.8.7 Our best execution committee will approve our execution venues, and regularly assess them so we can obtain, on a consistent basis, the best possible result for clients when executing Orders.

## 4 Order handling

### 4.1 Market Orders

- 4.1.1 Orders will be submitted as determined by our execution venue selection policy. Orders will be executed at the best available market price by our execution broker. The latest tradable quote may change during the period between the client placing the Order and that Order being received and executed by the execution broker.
- 4.1.2 Tradable quotes from the execution broker will not be available outside of underlying exchange continuous trading periods, i.e., during underlying market auction periods, and no Orders will be sent to the execution broker until the first tradable quote has been received from the underlying exchange after the start of the trading period.
- 4.1.3 The client may specify the quantity to be executed (i.e., the number of shares), or the value in the relevant currency. Orders will be rejected by CMC Invest if the value of the Order exceeds or is likely to exceed based on the price of the latest tradable quote, the available funds on the client's Account, after accounting for any other applicable transaction charges. If the client specifies the value, the Application will display the implied order quantity before the client submits their Order, however, Order quantity and Order price will be finally recalculated by CMC Invest's systems after validating funds.
- 4.1.4 While the execution price is not guaranteed on Orders, CMC Invest will attach a limit price to this Order to avoid excessive price slippage, especially in cases where any price slippage could cause the value of the trade to exceed the available funds on the client's Account. For this reason, some Orders may be rejected. Furthermore, please note that your Order may be partially filled in accordance with 3.8.1.

## 4.2 Limit Orders

- 4.2.1 You may place a limit Order for us to execute your Order for a specific quantity or value of an investment at a specified price ("Limit Price"). We will attempt to execute your Order when we believe there is a reasonable chance of execution at the Limit Price, but may not be able to do so because of market conditions at the time or other factors ("Limit Order Failure") after which your Order will be cancelled. Please note, your Order may be partially filled in accordance with 3.8.1. In this circumstance the remainder of your limit Order will be cancelled and you may place a new Order (with or without a Limit Price) for this remainder.
- 4.2.2 Your Order will remain in place for the duration of twenty-four hour periods selected by you via the Application up to a maximum of thirty (30) ("Limit Order Duration"). Your Order will expire the same time it was placed on the final day of the Limit Order Duration unless you cancel the Order, the Order is executed or there is a Limit Order Failure.
- 4.2.3 If you place an Order with a Limit Price in respect of an Investment to which trading is suspended or a Corporate Action has occurred before the Order is executed, or your Account is restricted, we may, but are not required to, cancel the Order.
- 4.2.4 If you place an Order that we are unable to execute, then we are required to make your Order public unless you agree otherwise. By agreeing to this OEP you agree that we will not make your unexecuted Order public unless we consider it to be in your best interests to do so.
- 4.2.5 It is possible that the execution venue may quote prices or execute other Orders (for example, market Orders placed in accordance with Clause 4.1 of this OEP) at prices equal to or better than the Limit Price, especially during volatile periods, without the Order Limit Price being executed.

## 4.3 Order priority

Orders will receive an electronic time stamp when they are placed through our Application and these Orders will be submitted to the execution broker. All client Orders will be processed in sequence based on the time the Order was received.

## 4.4 Aggregation and Allocation of Orders

We will aggregate Mutual Funds Orders, however this will not impact the price. We transact Orders fairly and in accordance with regulatory rules.

## 4.5 Dealing with specific instructions from a client

- 4.5.1 Where you provide us with specific instructions relating to an Order, we are obligated to follow our best execution processes and to alter them to accommodate your instructions (see also Section 3.2.3).
- 4.5.2 As a result, you should be aware that giving us specific instructions in relation to the execution of all or part of an Order may prevent us from executing your Order in accordance with the policies and procedures that we have developed to obtain best execution on a consistent basis, and it may adversely affect the result that we are able to obtain for you.

## 4.6 Telephone Orders

For Orders which cannot be placed online or where you choose to place an Order over the telephone you will speak with a CMC Invest representative on +44 (0)20 3003 8303. There may be a charge for telephone dealing over and above our standard execution rates, please see the Fees Tariff. For the CMC Invest representative to accept instructions from you over the telephone

for an Order, you will be required to successfully pass our security and identity checks. Once you have instructed us, we will endeavour to provide you with an indicative quote for your intended Order. If the quote is acceptable to you, the CMC Invest representative will place the Order for you as requested.

## 5 Governance, monitoring and review

5.1 The CMC Invest best execution committee has oversight of this OEP and:

- (a) ensures that all relevant staff are aware of this OEP and operate in accordance with it;
- (b) monitors transactions for best execution and compliance with this OEP; and
- (c) evaluates our best execution arrangements on an ongoing basis to identify and implement any appropriate enhancements to our OEP.

### 5.2 Policy review

5.2.1 The CMC Invest best execution committee will review this OEP, and our best execution arrangements, at least annually to consider whether it has satisfied our obligation to take all sufficient steps to obtain the best possible result for clients, and whether there are any improvements to processes or changes to providers that we can practically make to improve the execution quality and cost incurred by our clients. The review will include whether to:

- (a) exclude or to include additional or different execution venues;
- (b) assign different relative importance to the execution factors;
- (c) utilise different or change providers of algorithmic execution services;
- (d) modify any other aspects of this OEP and/or the best execution arrangements; and
- (e) review and approve the contents of our annual publication on our execution venues (types of transactions and volumes) and a summary analysis on our execution quality for the previous year.

5.2.2 The CMC Invest best execution committee will also carry out a review, if a material change occurs that could affect our ability to consistently obtain the best possible results for the execution of Orders, using our chosen execution venues from time to time. We will also assess if we need to make changes to the relative importance of the best execution factors so we can continue to meet our overall best execution obligation.

### 5.3 Transaction monitoring

5.3.1 We regularly monitor the effectiveness of our Order execution arrangements and OEP to identify and, where appropriate, correct any deficiencies. We assess whether the execution venue(s) we rely on provide best execution and make adjustments to our execution arrangements if necessary.

5.3.2 We use a Transaction Cost Analysis ("TCA") system to analyse execution quality for trades on a regular basis. We periodically review the performance of the chosen execution venue on a total consideration (price plus costs) basis relative to selected alternative execution venues and provide senior management and compliance with the results of such reviews. We also regularly review broker commissions and execution venue fees and carry out various other ad hoc checks and assessments as appropriate.

5.3.3 We carry out the following reviews at least annually:

- (a) broker commissions;
- (b) assessment of execution quality; and



(c) assessment of selection of execution venues.

## 6 Notification to clients

We will regularly monitor and review our policies and procedures and associated arrangements to ensure that we comply with our regulatory obligations, making appropriate amendments if necessary. We will notify you in writing of any material changes to this document. If you have any questions regarding this Order Execution Policy, please contact us.

## SCHEDULE – Definitions

Account	Has the meaning set out in the General Terms of Business.
Agreement	Has the meaning set out in the General Terms of Business.
Applicable Law	Any laws, statutes, orders, rules, decisions, provisions, directives, regulations, requirements, conditions, standards, sanctions, guidelines and industry codes having legal effect in any jurisdiction, provided that such laws, statutes, orders, rules, decisions, provisions, directives, regulations, requirements, conditions, standards, sanctions, guidelines or industry codes are existing and in force from time to time and (where relevant in the context) are directly or indirectly applicable to us, you, the Agreement, our Website, or our Application.
Application	Our investment application, as updated from time to time.
Associate	CMC Markets Plc and any body corporate associated with CMC Markets Plc within the meaning of section 256 of the Companies Act 2006.
Corporate Action	Any action or event, whether temporary or otherwise, in relation an Investment, or in relation to the issuer of an Investment, which would have an effect on the value, legal characteristics or ability to trade the Investment.
FCA	The Financial Conduct Authority (or any successor regulator).
FCA Rules	The FCA Handbook of rules and guidance, as published from time to time.
Group	CMC Markets Investments Limited and its Associates.
Investment	Any investment which is available on our Application for you to trade and invest in from time to time.
Market Abuse	Market abuse or insider trading that is prohibited under Applicable Law, including within the meaning of the UK version of Regulation (EU) No 596/2014 and the Criminal Justice Act 1993.
Mutual Funds	A type of investment in which investors money is pooled together to invest in stocks, bonds and other securities, the investor is issued units and the investments are managed by a fund manager that consists of these three legal structures: Open Ended Investment Companies (OEICs), Société d'Investissement à Capital Variable (SICAVs) or Unit Trusts.
Order(s)	An order to buy or sell an Investment.
Services	Our execution-only dealing and related settlement and custody services, including the functionality of our Application, Website and/or our mobile application, which enables you to access your Accounts and invest online.
Valuation Point	The point in time when the net asset value (NAV) per unit of a mutual fund is calculated.

Website	<a href="https://www.cmcinvest.com">https://www.cmcinvest.com</a>