



Order Transmission/Execution Policy

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AFX Markets Ltd.

(FCA)

ORDER TRANSMISSION/EXECUTION POLICY

Introduction

In accordance with the EU Markets in Financial Instruments Directive (MiFID) and the rules of our regulator, the Financial Conduct Authority (FCA) which implemented the directive into UK law, AFX Markets Ltd. trading as STO ("STO" or "we") is required to take all reasonable steps to obtain the best possible result for its clients when transmitting client orders for execution except where we are transmitting such orders for execution on quotes provided for by a third party. This requirement is on top of the general duty to carry out our business with you fairly, honestly and professionally. The purpose of this document is to provide information on the Order Execution Policy of STO and obtain the consent of the client (the "Client" or "you") to it, where we are obliged to do so. This policy should be read in conjunction with our Terms of Business however the Order Transmission / Execution Policy itself does not form part of the agreement between you and us. Our commitment to follow the regulatory requirements does not provide any additional fiduciary responsibilities over and above that required by the regulators

Scope

Our Order Execution Policy applies when we arrange or transmit orders on behalf of our clients to third parties for execution. However, save different written agreements with our clients, we always send such orders to AFX Capital Markets Ltd. trading as STO for whom we act as agent and all orders submitted for transmission are done so with clear client instructions that the order is to go to AFX Capital Markets Ltd. under its execution policy which will be executed on an OTC basis rather than on a regulated market or multilateral trading facility.

Specific Instructions

As you will have provided STO with specific instructions as to how to execute your order, we will have complied with our obligation to take all reasonable steps to obtain the best possible result when executing that order by following your instructions. Please note that this may prevent us from following our Order Transmission / Execution Policy. To the extent that your instructions are incomplete, we will transmit such instructions as is and AFX Capital Markets Ltd. will usually follow its Order Execution Policy for those parts or aspects of the order not covered by your instructions. In the absence of specific instructions from you, AFX Capital Markets Ltd. will usually take into account the various execution factors and criteria set out below in order to determine how to obtain the best possible result when executing orders on your behalf.

Relevant factors

Subject to any specific instructions that STO accepts from you and transmits to AFX Capital Markets Ltd., AFX Capital Markets Ltd. will take into account a range of factors in deciding where to execute your order. These include price,

costs, speed, likelihood of execution and settlement, together with any other consideration relevant to the execution of the order. In determining the relative importance of these factors AFX Capital Markets Ltd. will take into account your status with STO as a retail or professional client, together with the nature of your order, the characteristics of the financial instruments to which the order relates and the characteristics of the execution venues to which the order can be directed.

AFX Capital Markets Ltd. will generally give the highest priority to total consideration, representing the price of the relevant financial instruments and the costs related to execution. However, it may at its discretion, prioritize other factors, including the impact on market prices of displaying and executing your order, the speed and likelihood of execution and the availability of price improvement. It may prioritize such other factors where there is insufficient immediately available liquidity on the relevant execution venue(s) to execute your order in full, where the instructions provided to STO are for AFX Capital Markets Ltd. to work your order over a period of time or by reference to a benchmark calculated over a period of time or where it determines that there are other circumstances such that obtaining the best immediately available price may not be the best possible result for you.

In determining what is the best possible result for you, it will not compare the results that can be achieved for you on the basis of its Order Execution Policy and fees with results that might be achieved for you by another investment firm on the basis of that firm's execution policy or a different structure of commission or fees, nor will it compare the differences in its own commissions or fees which are attributable to the nature of the services that it provides to you.

In relation to some financial instruments, at the time at which we transmit to AFX Capital Markets Ltd. an order provided by you, there may be no functioning or no open market or exchange on which the reference product is traded. In such cases it may set out to determine a fair underlying price based on a number of factors, for example price movements on associated markets and other market influences, including information about its clients' own orders. However, it is not required to quote a price when the market is closed, suspended or in extreme market conditions.

Index CFD

The prices provided by STO for index CFDs are provided by AFX Capital Markets Ltd. who will reference these to the level of the relevant underlying index futures price and apply a variable spread. AFX Capital Markets Ltd. will base the closing price for index CFDs on the closing price of the relevant index for the purpose of margin requirements and any balance credits/debits.

Commodity CFDs

The prices provided by STO for Commodities CFDs are provided by AFX Capital Markets Ltd. AFX Capital Markets Ltd. has access to at least one relevant underlying derivative exchange per commodity in respect of which it provides quotes to STO when offering commodity CFD products. By reference to the underlying instruments AFX Capital Markets Ltd. will determine a price, taking into account cost of carry etc. where relevant. Where the underlying bid and offer reference prices are not available, AFX Capital Markets Ltd. will reference the last actual trade of the underlying instrument and then apply a variable spread.

Share CFDs

The prices AFX Capital Markets Ltd. provide to STO for the individual share CFDs will be referenced to the price at which the individual share is currently trading on the appropriate exchange and will charge a commission as set out in the product specifications. AFX Capital Markets Ltd. will base the closing price for the Share CFDs on the closing price of the relevant Share for the purpose of margin requirements and any balance credits/debits.

Bond CFDs

The prices AFX Capital Markets Ltd. provide to STO for the Bond CFD will be referenced to the price of the relevant underlying Bond futures price. AFX Capital Markets Ltd. will base the closing price for the Bond CFDs on the closing price of the relevant Bond for the purpose of margin requirements and any balance credits/debits.

Foreign Exchange

The prices AFX Capital Markets Ltd. provide to STO on Forex/currency products are sourced from independent price providing banks providing liquidity to the OTC Forex market. By reference, AFX Capital Markets Ltd. will access the prices of a market maker in Forex/currency products who from its experience usually provides a consistent service, taking into account factors such as frequency of updates and reliability, from which it will then determine its prices. AFX Capital Markets Ltd. will base the closing price on Forex/currency positions on the closing price of the relevant currency for the purpose of margin requirements and any balance

credits/debits.

Effect of other factors on the execution your order

AFX Capital Markets Ltd. reserves the right to modify its spreads, and you may experience widened spreads, volatility, gapping, liquidity slippage and non-guaranteed stops under certain market conditions (for example, when the trading desk is closed, around fundamental announcements, where there is a fast moving market or

low liquidity).

Volatility/Gapping

Prices may fluctuate rapidly which can have a direct impact on your open positions. Sometimes “gapping” will occur when prices move suddenly from one level to another. There may be a number of events, which cause gapping such as economic data releases, natural disasters or major global political events.

Gapping can happen when markets are closed, meaning that the opening price of an instrument may be considerably different to the closing price. This can have a direct impact on your profit or loss.

Liquidity

Market conditions in any underlying instrument may vary and this will affect the size, price and spread of the instruments we offer to you. Therefore, the terms at which you can close a contract may be different from the terms available when you opened the contract. Markets are known as illiquid when instruments are impossible to sell or can only be sold with difficulty.

Slippage

We cannot guarantee that the price you request us to execute an order will be the same as the actual price at which your order is filled. Technical conditions (e.g., the transfer rate of data networks or the quality of your internet connection, as well as rapid market fluctuations) may lead to a change in the applicable price between the time the order is placed by you and the time the relevant order is received by us or the order is executed by our platform. Such changes to the applicable price are due to fluctuations in the financial markets rather than on arbitrary interventions made by us. If such changes occur, the order is generally executed at the price applicable when the order is executed by our platform. Slippage can occur on all types of orders.

Non-Guaranteed Stops

When a non-guaranteed stop is triggered it has the effect of issuing an order from you to us to close your Contract. Your Contract is not closed immediately when the stop is triggered. We aim to deal with such orders fairly and promptly but the time taken to fill the order and the level at which the order is filled depends upon the underlying market and the number of client orders triggered. In fast-moving markets, a price for the level of your order might not be available or the market might move quickly and significantly away from the stop level before we are able to fill it.

Most trades will be automatically priced and executed by AFX Capital Markets Ltd's automated internal trading systems. However, depending on factors such as for example unusual market conditions or the size and nature of your order an instrument may be wholly or partly manually priced and/or an order may be manually executed. Such issues may also influence the transmission of your order by STO to AFX Capital Markets Ltd.

During times of high demand manual pricing and/or execution may cause delays in transmitting and therefore processing your order which in turn can have an impact on the price at which your order is executed. AFX Markets Ltd. for transmission and AFX Capital Markets Ltd. for execution are committed to providing the most competitive trading technology and have put transmission and/or dealing procedures in place to minimize the risk of delays.

A number of CFDs are not traded up until the exact expiration date of the underlying instrument. Any Rollover will usually take effect the weekend preceding the maturity date of the underlying asset unless notified by email to the contrary with at least seven (7) days' notice by email or expiration is due to take place on a Monday where rollover will take place two weekends prior to the expiration date. For open positions of CFD instruments a certain amount of swap is either credited or debited, calculated on the difference between the maturity price of the underlying asset and the price of the next contract maturity date. The trading price of the CFD is derived directly from the underlying asset contract with the new maturity date when the market reopens. We invite clients to cancel stop/limit orders near the day of the rollover. Alternatively the system will automatically cancel the orders.

There may be occasions where either AFX Markets Ltd. is unable to transmit orders or AFX Capital Markets Ltd. unable to accept orders where you are going short due to regulatory requirements or that AFX Capital Markets Ltd. is not offering the opportunity to go short on that particular product e.g. on an individual share

Monitoring and review of our Order Execution Policy

STO will monitor the effectiveness of our order transmission arrangements and AFX Capital Markets Ltd's Order Execution Policy. STO will assess from time to time whether the venues relied upon by AFX Capital Markets Ltd. in pricing its transactions allow STO to meet our regulatory obligations on a consistent basis or whether we need to request it makes changes to its execution arrangements. We will also review our order transmission arrangements and Order Execution Policy in respect of material changes either in respect of one of our chosen pricing venues or otherwise that affects AFX Capital Markets Ltd. ability to continue to meet its or our regulatory obligations. Should there be any material changes to our order transmission arrangements or Order Execution Policy, we will notify you.

Full details of the trading conditions for particular products are available on our website and within the trading platform with further information on the products also available within the Terms of Business.