



## Order Execution Policy

### 1. Introduction

TD Markets is a trade name of TD Markets (Pty) Limited (hereinafter the “Company”). The Company in line with the Financial Advisory and Intermediary Services Act, Act 37 of 2002 (“FAIS”) maintains policies, procedures and strategies to meet its overarching obligation to take reasonable steps to deliver the best possible result for Clients based on defined execution factors. These are covered within this document and are commonly referred to as “Best Execution”.

The objective to deliver these obligations ties in with the Company’s obligations under FAIS, and any separate fiduciary duties or contractual obligations that the Company owes its Clients. The Company and all staff, in keeping with our regulatory and legal duty to avoid conflicts of interests have a direct interest in ensuring the best possible execution for its Clients.

The Company also engages CapXM Ltd., a company registered under the laws of Saint Vincent and the Grenadines being a counterparty, liquidity provider or principal entity (herein after the “Principal”) to a trade executed on the technological platforms provided by the company under its scope of services as defined in the Trading Terms and Conditions available on [www.tdmarkets.co.za](http://www.tdmarkets.co.za).

### 2. Legal and Regulatory framework

In line with the **Financial Advisory and Intermediary Act of 2002** (FAIS) the Company is required to set up the Straight Through Processing (STP)/ Electronic Communication Network (ECN) Order Execution Policy (the “Policy”) and to take all sufficient steps to obtain the best possible results for its clients (“best execution”) either when executing client orders or receiving and transmitting orders for execution in relation to financial instruments. The Policy sets out a general overview on how the Company will obtain the best possible result when executing Clients’ orders by taking into account the criteria and factors stated below.

The Company applies the Policy upon acceptance of an order and when a client gives no specific instruction on the execution method. Nevertheless, when the client gives a specific instruction on an order, the Company will execute the order following such instruction. If the Company receives a specific instruction on an order, this may prevent the Company from implementing the Policy to obtain the best possible result for the execution of the order.



### **3. Scope**

The Policy shall apply whenever the Company executes orders on behalf of its clients via the STP/ECN model. The Principal may act as counterparty to the trade executed on behalf of a client. Despite the fact that The Company takes all sufficient steps to obtain the best possible result for its clients it does not guarantee that when executing a transaction, the client's price will be more favorable than one which might be available elsewhere.

The Policy applies to "retail" and "professional" clients only while "eligible counterparties" are in no need for protection by these rules.

### **4. Types of Financial Instruments**

This Policy applies when the Company provides the investment services of reception and transmission of orders in relation to one or more financial instruments and/or when executing orders on behalf of retail and professional clients.

The financial instruments provided by the Company are Over the Counter ("OTC") Financial Contracts for Differences (CFDs). In particular:

- a. Contracts for Difference (CFDs) on currency pairs,
- b. CFDs on spot metals,
- c. CFDs on spot indices,
- d. CFDs on spot commodities,
- e. CFDs on futures,
- f. CFDs on shares,
- g. CFDs on Cryptocurrencies

For more information on the contract specifications visit the Company's website at [www.tdmarkets.co.za](http://www.tdmarkets.co.za).

### **5. Operating hours**

The Company's operating hours are as follows:

- Round-the-clock from Monday 00:00:01 a.m. (GMT +2) through Friday 00:00:00 p.m. (GMT +2).
- Non-working periods: from Saturday 00:00:01 a.m. (GMT +2) through Sunday 00:00:00 p.m. (GMT +2) and on national bank holidays. Holidays are announced through electronic mail to the nominated email address of each client or the internal mail of the trading terminal supplied by The Company.



## 6. Types of Execution Orders

The particular characterizing of an order can affect the execution of the client's order. Please see below the different kinds of orders that a client can place:

### 6.1 Market Order (Instant Order)

This is an order to buy or sell at the price available at a given time. The order will usually be filled at the price the client sees on the Company's trading platform screen. Occasionally, if the market has moved while the client is placing his order, the price may differ. The client may also place a Stop Loss to limit his loss or a Take Profit to limit his profit.

### 6.2 Pending Order

This is an order to buy or sell a financial instrument in the future at the best available price once a certain price is reached. There are four types of pending orders available in the Company's trading platform: *Buy Limit*, *Buy Stop*, *Sell Limit* and *Sell Stop*. Clients may also attach a Stop Loss and/or Take Profit on pending orders. The four types are further defined as follows:

- a. *Buy Limit*: buy provided the future "ASK" price is equal to the pre-defined value. The current price level is higher than the value of the placed order. Orders of this type are usually placed in anticipation of that the security price, having fallen to a certain level, will increase;
- b. *Buy Stop*: buy provided the future "ASK" price is equal to the pre-defined value. The current price level is lower than the value of the placed order. Orders of this type are usually placed in anticipation of that the security price, having reached a certain level, will keep on increasing;
- c. *Sell Limit*: sell provided the future "BID" price is equal to the pre-defined value. The current price level is lower than the value of the placed order. Orders of this type are usually placed in anticipation of that the security price, having increased to a certain level, will fall;
- d. *Sell Stop*: sell provided the future "BID" price is equal to the pre-defined value. The current price level is higher than the value of the placed order. Orders of this type are usually placed in anticipation of that the security price, having reached a certain level, will keep on falling.



### 6.3 Trailing Order

This feature allows the client to place a stop loss order to an open position and works in the client's terminal, which automatically updates to lock in profit while the market moves in the client's favor. Trailing Stop works in the client's terminal, not in the server (like Stop Loss or Take Profit) and this is the reason it will not work, unlike the above orders, if the terminal is off.

### 7. Best Execution factors

It is our regulatory obligation to take all sufficient steps to obtain, when executing orders, the best possible result for our clients taking into account the following factors or any other consideration relevant to the execution of the order:

- a. Price (Highest Importance)
- b. Costs and Charges (Highest Importance)
- c. Speed of Execution (Medium Importance)
- d. Likelihood of Execution (Medium Importance)
- e. Likelihood of Settlement (Low Importance)
- f. Size of Order (Low Importance)
- g. Market Impact (Low Importance)

For orders that are not wholly covered by your specific instructions, we shall determine the best possible result when executing Client Orders against the Company's quoted prices by taking into consideration the execution factors and their relevant importance in the order presented below:

#### a. Price – Highest Importance

Bid-Ask Spread: For any given financial instrument, we quote two prices: the higher price (Ask), at which the Client can buy (go long) a financial instrument, and the lower price (Bid) at which the Client can sell (go short); collectively, referred to as the Firm's prices. The difference between the Bid and the Ask price of a given financial instrument is the spread.

Pending Orders: Orders such as 'Buy Limit', 'Buy Stop' and 'Stop Loss' / 'Take Profit' for open short positions are executed at the Ask price. Orders such as 'Sell Limit', 'Sell Stop' and 'Stop Loss' / 'Take Profit' for open long positions are executed at the Bid price.



The Principal generates its own tradable prices from information sourced through independent price providers and banks that generally provide liquidity to the global market. The main way in which the Principal will ensure that the client receives the best execution will be to ensure that the calculation of the bid / ask spread is made with reference to a range of underlying price providers and data sources. The Principal updates its prices as frequently as the limitations of technology and communication links allow. We will not quote any price outside of our operational hours (see execution venues below). The Principal reviews regularly or at least once a year its independent price providers to ensure that correct and competitive pricing is offered. For more information on the prices of products or instruments offered by the Company, visit the Company's website at [www.tdmarkets.co.za](http://www.tdmarkets.co.za)

The Company offers different types of accounts where the pricing and its costs can differ depending on the account to be selected by the client. The main account types are listed below. For more details you can refer to [www.tdmarkets.co.za](http://www.tdmarkets.co.za).

- TDM Smart Account (to be phased out and no longer available by 30/11/2020);
- TDM Gold Account (Floating spread account)
- TDM Pro Account (Raw spread, commission per trade account)

**b. Costs and Charges – Highest Importance**

When the Client opens a position in some types of financial instruments, a commission or a financing fee will apply. The details of these costs are available in the Contracts Specifications on the Company's website. The Company takes steps to ensure that the client is informed of the costs, (i.e. the spread and commission rates) before the client elects to trade. The Company further ensures that there are not any unknown variables to the Client in place;

This table shows the different types of costs related to trading CFDs			
One-off entry or exit costs	Spread	Applicable to all instruments	A spread is the difference between the bid (buy) and the ask (sell) price on the specific instrument you trade. This cost is realized every time you open and close a trade.
	Commission	Applicable only to CFDs on futures and CFDs on shares	This is the commission you pay when you buy and sell an instrument.
	Currency conversion	Applicable to all instruments	This is the cost for converting realized profits and losses as well as any costs and charges that are denominated in a currency other than the base currency of your trading account.
Ongoing costs	Swap (Financing Fee)	Applicable to all instruments	This is the swap cost for keeping your position open overnight. The swap cost can be positive or negative depending on the instrument to be traded.

For more information on the Company's costs and charges, visit the Company's website at [www.tdmarkets.co.za](http://www.tdmarkets.co.za).

### c. Speed of Execution– Medium Importance

The Company strives to offer the highest possible speed of execution within the limitations of technology and communication links. Prices change over time and the frequency with which they do varies with different financial instruments and market conditions. The Company places significant importance when executing Client's orders to the speed of the execution of an order. Considering that the Principal engaged by the Company generates its own tradable prices, which are distributed via the Company's trading platform, the technology used by the client to communicate with the Company plays a crucial role. For instance, the use of a wireless connection or dial up connection or any other communication link that can cause a poor internet connection can cause unstable connectivity to the Company's trading platform resulting to the client placing his orders on old prices, where the Company might decline and provide him with a new quote (i.e. re-quoting).



If there is any failure of hardware and software (e.g. Internet connectivity issues, server downtimes, etc.), this may result that Client's order is either not executed in accordance with his expectations or it is not executed at all. The Company does not accept any liability in such a case of such a failure.

**d. Likelihood of execution – Medium Importance**

The levels of volatility in the market affect both price and volume. The Company seeks to provide its clients with the fastest execution reasonably possible. Client's orders (Buy Limit, Buy Stop, Sell Limit, Sell Stop, Stop Loss and/or Take Profit) are executed by the Company at the requested price. However, under certain market conditions, orders may not be filled at the exact price requested but instead at the best available price. This may occur during news announcements, during periods of volatile market conditions, on opening gaps (when trading session starts) or on possible gaps where the underlying instrument has been suspended or restricted on a particular market.

The Company strives to provide the best possible price to its clients and makes every effort and has all necessary arrangements in place to do so, but it cannot guarantee the execution of any of the pending orders at the requested price.

**e. Likelihood of Settlement – Low Importance**

The Company proceeds with the settlement of a Client's transaction subject to the successful execution of the respective transaction.

**f. Size of order – Low Importance**

All orders are placed in lot sizes. A lot is a unit measuring the transaction amount and it is different per each financial instrument. Details of the lot sizes are available in the Trading Conditions section available on the Company's website.

If the client wishes to execute a large size order, in some cases the price may become less favorable considering the liquidity in the market. The Company reserves the right not to accept a client's order, in case the size of the order is large and cannot be filled by the Company or the Principal.

**g. Market Impact – Low Importance**

The Company's quoted prices may be affected by various factors which could also affect the abovementioned parameters, criteria which are taken into consideration during the Company's process to ensure the best possible result for its clients. As stated above, the Company will at all times take all reasonable steps to ensure the best possible result for its clients.



The Company does not consider the above list of parameters to be exhaustive. The order in which they are presented however, indicates their relative importance in the best execution process without excluding the possibility of derogations from the above-mentioned process in cases where the best interests of the client criterion justifies such derogations.

#### **h. Best Execution Criteria**

The Company will generally take into account the following best execution criteria for determining the relative importance of the abovementioned execution factors:

- the characteristics of the client, including the categorization of the client as retail or professional;
- the characteristics of the client order;
- the characteristics of the financial instruments that are the subject of that order;
- the characteristics of the execution venues to which that order can be directed.

*The best possible result will be determined in terms of the total consideration, represented by the price of the contract and the cost related to execution as the main factors. The other execution factors of speed, likelihood of execution size, nature or any other relevant consideration will, in most cases, be secondary to price and cost considerations, unless they would deliver the best possible result for the client in terms of total consideration.*

#### **8. Effect of other factors on the execution of an order**

The Principal reserves the right to modify the Company spread and the client may experience widened spreads and execution at the best available price under certain market conditions (for example, fundamental announcements, where there is a fast moving market or low liquidity).

Most trades will be automatically priced and executed by the Company's automated internal trading systems. However, depending on factors, for example, unusual market conditions or the size and nature of the client order a financial instrument may be manually priced and/or an order may be manually executed.

During times of high demand manual pricing and/or execution may cause delays in processing an order which in turn can have an impact on the price and speed at which the order is executed. The Company is committed to providing the most competitive trading technology and is constantly striving to minimize the risk of delays.



In the case of any communication or technical failure, as well as any incorrect reflection on the quotes feed, the Company reserves the right not to execute an order or change the opening and/or closing price of a particular order in accordance with requirements of the engagement with the Principal.

Where the Principal transmits the client's order to the Liquidity Provider(s) for execution, the order may be executed against the Liquidity Provider(s) or executed within the ECN of the Liquidity Provider(s).

### **9. Specific Instructions**

In circumstances where the client provides the Company with a specific instruction as to how to execute an order and the Company has accepted this instruction, then the Company will execute the order in accordance with that specific instruction.

Nevertheless, if the client provides a specific instruction to carry out an order, then by executing that order the Company will be complying with the Company's duty to provide the client with best execution. This may result in being unable to apply this Policy.

### **10. Execution venue**

The Principal will enter into all transactions with the client as principal (counterparty) and act as the sole execution venue for all client orders. The client is required to open and close a position of any particular financial instrument with the Principal via the trading platform of the Company.

Where there is only one possible venue, best execution is achieved by execution on that venue. Best execution is a process, which considers various factors, not an outcome. This means that, when the Company is executing an order for a client, the Company must execute it in accordance with its execution policy but the Company does not guarantee that the exact price requested will be obtained in all circumstances and, in any event, the factors may lead to a different result in a particular transaction.

In certain circumstances this obligation will not apply, for example at a time of severe market turbulence, and/or internal or external system failure, where instead the ability to execute orders on a timely basis will become the primary factor.

The Principal has execution arrangements via its affiliated entities with a number of liquidity providers.



**The client acknowledges that all transactions entered in any particular financial instrument with the Company are executed outside a regulated market or a multi-lateral trading facility (MTF) and the client is exposed to a greater risk of a possible default of the counterparty (i.e. the Principal).**

## **11. Review and Monitoring**

The Company will monitor the effectiveness of the Policy and relevant order execution arrangements on an on-going basis in order to identify and implement any appropriate enhancements. In addition, The Company will regularly review (at least annually) the Policy and the relevant order execution arrangements in an attempt of examining whether they enable the Company to continuously provide the best execution for its clients.

The Company takes into account a range of factors in deciding whether to execute a Client's Order. These include price, costs, speed together with any other consideration relevant to the execution of the order. In determining the relative importance of these factors the Company will take into account the client's status, together with the nature of the order, the characteristics of the financial instruments to which order relates and the characteristic of the execution venues.

There is an assessment process prior the selection of an execution venue, taking into account both qualitative and quantitative criteria. In particular, the pricing and the costs in relation to the execution of the Client's orders and the overall impact to the Client is one of the main factors for the selection of an execution venue. Other factors are also taken into consideration, for instance, the speed of processing and likelihood of execution as well as the financial soundness and order execution policy of such venue.

The Principal also carries assessment and monitoring on a continuous basis of the financial institutions used as hedging liquidity/price providers in order to ensure that the best possible result is provided to Clients. The Company should also assess on a regular basis whether the execution venues included in its order execution policy provide the best possible result for its client orders. A more frequent review may be appropriate if there is a material change.

From time to time it may be necessary to make changes to the Policy. It should be noted that the Company will not notify clients separately of changes, other than substantial material changes to the Policy and clients should therefore refer from time to time to the website of the Company at [www.tdmarkets.co.za](http://www.tdmarkets.co.za) for the most up to date version of the Policy. Upon a request from a Client, the Company shall demonstrate that it has executed the Client's Order(s) in accordance with this Policy.



We set-out below a non-exhaustive list of what factors that constitute a Material Change:

- Change of Execution Venues;
- Any changes to the relative importance of execution criteria and relevant factors;
- Incorrect prices compared to the average market price;
- Significant increase in the daily number of requotes;
- Significant delay in the execution of orders.

## 12. Customer Communication

We shall notify you of any material changes to our Order Execution Arrangements or this Policy in a durable medium or by updating our website.

We shall also provide you, within a reasonable time, should you request, documented evidence which demonstrates clearly that we have executed your orders in accordance with this Policy and information about our Order Execution Arrangements.

## 13. Record Keeping

For the purpose of this Policy, we shall maintain records of the prices for individual financial instruments shown on our Electronic Trading Platform, including details about costs, speed and likelihood of execution, for a minimum period of five (5) years and, where requested by the competent authorities, for a period of up to seven (7) years.

## 14. Client's Consent

When establishing a business relationship with the client, the Company is required to obtain the client's prior consent to this Policy. In addition, the Company is required to obtain the client's prior consent before executing clients' orders or receiving and transmitting orders for execution outside a regulated market or a multi-lateral trading facility (MTF). **The client is informed that the Principal acts as counterparty or principal entity, which is not a regulated market or a multi-lateral trading facility (MTF).**

The Company may obtain the above consents in the form of a general agreement. The Company will treat clients who have either received the Policy or agreed to receive the Policy electronically or via the internet and have accepted the Trading Terms and Conditions of the Company, as clients who have given their consent to the Policy as well as given consent to the Company to execute or receive and transmit an order for execution outside a regulated market or an MTF.



## 15. Definitions

**Eligible counterparties** – means authorised financial service providers, investment funds, banks, credit institutions, insurance companies, a collective investment scheme and its management companies, pension funds and their management companies, other financial institutions authorised

**Execution venue** - means a regulated market, an MTF, a systematic internaliser, or a market maker or other liquidity provider or an entity that performs a similar function in a third country to the functions performed by any of the foregoing.

**FAIS** – means the Financial Advisory and Intermediary Services Act of 2002

**Multilateral trading facility (MTF)** - means a multilateral system, operated by an investment firm or a market operator, which brings together multiple third-party buying and selling interests in financial instruments.

**Retail client** – means a client who is not a Professional Client or an Eligible Counterparty.

**Regulated market** - means a multilateral system operated and/or managed by a market operator, which brings together or facilitates the bringing together of multiple third-party buying and selling interests in financial instruments.

**Systematic internaliser** - means an investment firm which, on an organised, frequent and systematic basis, deals on own account by executing client orders outside a regulated market or an MTF.

**Pending Order** - pending order is the client's commitment to the brokerage company to buy or sell a security at a pre-defined price in the future. This type of orders is used for opening of a trade position provided the future quotes reach the pre-defined level. There are four types of pending orders available in the terminal examples of which can be found in **Appendix** to this Policy:

- **Buy Limit** - buy provided the future "ASK" price is equal to the pre-defined value. The current price level is higher than the value of the placed order. Orders of this type are usually placed in anticipation of that the security price, having fallen to a certain level, will increase;
- **Buy Stop** - buy provided the future "ASK" price is equal to the pre-defined value. The current price level is lower than the value of the placed order. Orders of this type are usually placed in anticipation of that the security price, having reached a certain level, will keep on increasing;



- **Sell Limit** - sell provided the future "BID" price is equal to the pre-defined value. The current price level is lower than the value of the placed order. Orders of this type are usually placed in anticipation of that the security price, having increased to a certain level, will fall;
- **Sell Stop** - sell provided the future "BID" price is equal to the pre-defined value. The current price level is higher than the value of the placed order. Orders of this type are usually placed in anticipation of that the security price, having reached a certain level, will keep on falling.

### **Stop Loss**

Stop Loss order is used for minimizing of losses if the security price has started to move in an unprofitable direction. If the security price reaches this level, the position will be closed automatically. Such orders are always connected to an open position or a pending order. The brokerage company can place them only together with a market or a pending order. Terminal checks long positions with BID price for meeting of this order provisions (the order is always set below the current BID price) and it does with ASK price for short positions (the order is always set above the current ASK price).

To automate Stop Loss order following the price, one can use Trailing Stop.

### **Take Profit**

Take Profit order is intended for gaining the profit when the security price has reached a certain level. Execution of this order results in closing of the position. It is always connected to an open position or a pending order. The order can be requested only together with a market or a pending order. Terminal checks long positions with BID price for meeting of this order provisions (the order is always set above the current BID price), and it does with ASK price for short positions (the order is always set below the current ASK price).