

Order Execution Policy

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Overview

Henyp Capital Markets (UK) Limited ("HYCM", "The Company", "The firm", "we" or "us"), is authorised and regulated by the Financial Conduct Authority in the UK. The company appears on the FCA's Register: HYCM's FCA registration number is 186171. Further information may be obtained from the FCA's Register by visiting the FCA's website <http://www.fca.org.uk/register>.

Contracts for Difference (CFDs) and other speculative products such as rolling spot forex are complex products and may be difficult for the majority of retail investors to understand the risks involved.

The Financial Instruments provided by HYCM are CFDs. It is HYCM's sole discretion to decide which types of Financial Instruments to make available and to publish to its platforms the prices at which these can be traded by its clients. These prices, available through its trading platform, via the provision of live streaming prices received from third party liquidity providers.

HYCM is always the counterparty (or principal) to every trade by offering these products directly to you; therefore, if the Client decides to open a Transaction with the HYCM, then that position can only be closed with the HYCM.

Losses

If losses occur at the initial outset of speculative activity, it is possible that higher risks may have to be taken in order to recover the initial capital outlay. Higher risks could ultimately translate to higher losses. The probability of such a large price movement is lower than the probability of a smaller price movement, however. The more often trades with a reduced chance of profiting are entered into, the smaller the total probability of being profitable becomes. You have to pay to HYCM all losses sustained as well as all other amounts payable under the Customer Agreement such as interest. Or storage fees if clients decide to engage in CFD or spot forex trading, they must accept this degree of risk.

Appropriateness

Subject to our obligation to assess the appropriateness of the Trading Platform for your circumstances, any decision whether or not to open an account, and whether or not you understand the risks is yours.

Seeking Expert Advice

Please note that further risks exist but are not listed here due to the impossibility of covering every conceivable risk. HYCM suggests caution when trading during fundamental news events and economic or political announcements, be aware of account equity, free margin and market exposure. Widened spreads can adversely affect all positions in an account. You should in any case seek expert advice before commencing trading with us.

Underlying Instruments

Price fluctuations of the underlying CFD instruments may be so significant within short time intervals that clients may be unable to have time to deposit additional funds for the purpose of posting a margin call and the CFD Transaction will have to be forcibly liquidated. Additionally, a client's risk of loss cannot be limited by stop-loss orders as HYCM is only obliged to execute this type of order at the "next available" price of the underlying CFD.

Historic price performance movement does not guarantee future price performance

The historical movement of prices does not give a reliable indication of the movement of prices in the future. Past performance is no indication of future performance and you should understand that market trends can vary significantly over time.

Not a Long-term investment

Open Transactions attract fees that are charged to the clients either determined as a fixed fee or calculated as a percentage mark-up. These costs also increase the threshold beyond which clients may make a profit from their original investment. Therefore, CFD products are not suitable as a long-term investment.

Potential Risks

- I. **OTCs**
Over The Counter, products are not executed on a formal exchange. Therefore, an officially established price does not exist. HYCM sets prices, at which the client can trade and can enter into at its own discretion. These trades can only be closed at the prices quoted by HYCM
- II. **CFDs**
There are certain jurisdictions where the sale, promotion, and distribution of certain speculative derivative contracts such as CFDs offered are restricted. These supervisory actions are as a result of findings noted how sovereign regulators had experienced a surge in the number of complaints in relation to these financial instruments.
- III. **Quoting**
In the event that no price is available to us for any security on which we generally quote a CFD price, whether because such security is not quoted on the market on which it is listed or for any other reason, we will not generally quote a price for a CFD on such security. In such event, we shall not be liable for any losses arising from any delay or loss caused to you by the price unavailability
- IV. **Margin**
Marginated trades can lead to a total loss of the capital allocated for trading. The risks of these transactions can only be controlled to a certain degree (by hedging) or limited with respect to the amount at stake by making use of Stop Loss Orders.
- V. **Gearing/Leverage**
The “gearing” or “leverage” available in CFD and spot forex Transactions trading (i.e. the funds HYCM requires you to provide when a position is opened compared to the notional size of trade you can enter into) means that a small margin deposit can lead to large losses as well as gains. It also means that a relatively small movement can lead to a proportionately much larger movement in the size of any loss or profit which can work against you as well as for you.
- VI. **Knowledge and Experience**
Clients may be exposing themselves to risks that fall outside their knowledge and experience and/or they may not have the knowledge or experience to properly assess and/or control by way of mitigating the consequences.
- VII. **Transaction Costs**
Transaction costs are an important factor, which not only influence the profit or loss of every single transaction but also reduce the overall likelihood of achieving profitability. These costs include the initial spread, funding costs, and rollover costs.
- VIII. **Spreads**
HYCM normally quotes bid prices (at which the Client can offer to sell) and offer prices (at which the Client can offer to buy) for each Transaction. These prices will not be identical to those quoted by or available from any individual information provider or other data source.

HYCM may provide a Market Execution service to you. If offered, you warrant that trades executed at market execution spreads can widen significantly and are affected by actual market conditions, which are beyond HYCM’s control. The prices quoted by us will reflect what we perceive as the market price in an Instrument at that time as opposed to the indicative price you see on the platform at the time of your request for execution. We do not guarantee any maximum or minimum limits to the quoted spreads. In some circumstances, the spreads may not be representative of the examples given in the product information contract specification. At times of high volatility or dependent on the volume size of your trades, your trades will be executed at the next available price

subject to slippage. Quotes for Market Execution are filled with minimum or no re-quotes, or in some instances it may not be possible to arrange an order for execution. Stop or Limit orders may also be affected by this. You acknowledge that each Transaction entered into must not result in exceeding any credit or other limit placed on your account.

IX. Rollover Fees

If positions are held overnight or over a weekend, a considerable risk results from the fact that the price of the underlying can change considerably between the time when markets close and the time when they reopen. It is not possible to enter into closing or hedging transactions during the period in which the market is closed. Positions which are to be held overnight or over the weekend which are not Fixed Expiry contracts incur a financing charge.

Terms applicable to the Download Platform

No automatic stop orders are placed for clients who use the Download platform. They are not guaranteed by HYCM to be executed. For example, if the market moves through a stop loss price level without trading at it, the stop loss order will not be executed at the stop loss price but will be triggered and executed at the first available market price.

Clients are able to hold simultaneous long and short open positions (Hedging) in the same instrument.

If the Account equity drops below a certain level established by us in accordance with Clause 4.1, a Margin Call may be sent to you on a daily basis. In addition, hourly alerts may be sent to your Account area on the Trading Platform. HYCM also reserves the right to close all open contracts without prior notice if in our absolute discretion the circumstances so warrant.

If the Account balances falls well below the margin requirement, positions will be automatically closed-out by HYCM using the Download Platform to bring the Account above the Close Out Level. Unless otherwise specified, the Default "Close Out Level" is when the account equity drops below 20% of the margin requirement of the open positions.

Unrealised profits will be counted within the amount required to open new positions.

Terms applicable to Stop and Limit Orders

HYCM may in our absolute discretion accept an instruction (a "Stop or Limit Order") from you to open or close any Transaction when our quote in respect of the relevant instrument reaches or goes beyond a level specified by you. You may specify that your instruction is to apply for a limited duration or for an indefinite period (a "Good Till Cancelled" or "GTC" Order). If we accept a Stop or Limit Order then, when the level of our current quote reaches or goes beyond the level of your Stop or Limit Order, your order will be executed automatically at the level of your Stop or Limit Order subject to the following: You acknowledge that where the underlying market is moving rapidly our quote may have gone beyond the level of your Stop or Limit Order by the time your order is executed and in particular you acknowledge that if the relevant underlying market opens with a gap from the previous closing price such that our quote has moved beyond your Stop or Limit Order price your order will be filled at HYCM's quoted price derived from the market opening price or the earliest price reasonably available.

You may with our prior consent (and we will not unreasonably withhold our consent) cancel or amend the level of your Stop or Limit Order at any time before our quote reaches or goes beyond the relevant level. However, once the level has been reached you may not cancel or amend the level of your order. If you enter into any Transaction and place a Stop or Limit Order which, when executed, would be capable of closing or partly closing such Transaction and you subsequently instruct us to close that Transaction, or any part of it prior to the level of the Stop or Limit Order being reached, it is your responsibility to cancel the Stop or Limit Order if you do not want the order to remain valid. If you close your original Transaction and fail to cancel the Stop or Limit Order we shall be entitled in our absolute discretion to treat the Stop or Limit Order as an instruction to enter into a new Transaction for you if and when our quote reaches or goes beyond the level of the Stop or Limit Order.

The following conditions apply to all Stop or Limit Orders:

- a) we will not accept a Stop or Limit Order unless when you instruct us to close part but not all of a Transaction, both the part of the Transaction which you instruct us to close and the part which would remain open if we carried out your closing instruction are equal to or greater than any minimum Transaction size in effect from time to time;
- b) when you instruct us to open a Transaction you must not have committed an Event of Default;
- c) if the Internet session in which you instruct us to open or close the Transaction is terminated as a result of circumstances beyond our reasonable control before we have confirmed that your instruction has been executed by us the Stop or Limit Order shall not take effect;
- d) any Transaction opened by you must be within any credit or position limit in effect with respect to the Account or any Transactions; and
- e) the Stop or Limit Order instruction must be given to us during normal trading hours for the investment in respect of which you instruct us to open or close the Transaction. Details of the relevant trading hours are available on the website.

Re-quotes

In fast-moving markets normally after an 'instant order' has been submitted; the client must agree to this quote before the order is executed. A secondary quote or a requote is provided to the client after an 'instant order' has been submitted and the market price has moved, these features allow clients the opportunity to decide whether they are willing to accept the new price.

Quotes for Market Execution are filled with minimum or no re-quotes.

Slippage

At times of high volatility or dependent on the volume of your trade/s, your trades will then be executed at the next best price subject to possible slippage. Stop / Limit orders may also be affected by this. If the execution price is better than the price requested by the client, this is referred to as 'positive slippage'. In contrast, if the execution price is worse than the price requested by the client this is referred to as 'negative slippage'. Please be advised that 'slippage' is a normal market practise and a regular feature of CFD trading.

Limit Orders:

This is an order to buy or sell once the market reaches the 'limit price'. Once the market reaches the 'limit price' the order is triggered and executed at the 'limit price' or better.

Take Profit:

This is an order to secure profits. Once the market reaches the 'take profit price', the order is triggered and treated as a 'limit order'. If the 'take profit' is not triggered it shall remain in the system until a later date.

Pending Order Modification/Cancellation:

An order can be modified by the client if the market did not reach the price level specified by the client and the order was not cancelled in the meantime.

Stop Loss Order

An Order to close out or, as the case may be, to open a position if the market price reaches a specified price, which may represent a loss or a profit on the relevant Transaction.

Trailing Stop

A Stop Loss Order which is always attached to an open position and which automatically moves once profit in points becomes equal to or higher than the specified level for that Trailing Stop and which will continue to move automatically with each subsequent price movement only if that price movement is profitable. For the avoidance of doubt, as Trailing Stop works only in the client terminal, not in the server like a Stop Loss Order, it will not work when the Terminal is not connected, and may not work as intended during extreme volatility of underlying prices.

Dividend

A dividend adjustment is applicable if an ex-dividend date occurs for an underlying security with respect to which you have an open CFD. If you have any open long positions, a dividend adjustment will be credited to the Account subject to a service charge of 10% (ten per cent). If you have an open short position, the dividend adjustment will be debited in full from the Account. The dividend adjustment will be made gross, with no adjustment for tax. The responsibility for any tax payable with respect to any such payment is yours.

Corporate actions

If the stock underlying an open position in CFD is subject to any other corporate action (for example; bonus issue, reclassification, subdivision, consolidation, free distribution, scrip or rights issue or similar event) we may upon providing notice to you, close out any such open CFD positions. In addition, where a takeover offer is made or a change in the composition of the offering of the CFD is required in respect of a company in whose shares you hold an open CFD we may upon Notice to you close out any such open CFD positions. The price at which we close out any such position will be at such price as we establish in good faith in our absolute discretion. Where a company for whose shares you hold an open CFD becomes subject to an insolvency or analogous event or trading in its shares is suspended for any reason, we will endeavour to reach agreement with you on a closing date and a closing price for the relevant Transaction. In the absence of any such agreement, then that Transaction shall remain open until such time as the shares of the company in question resume trading or the company becomes insolvent or is otherwise dissolved. In each such case, in the absence of agreement between us, we shall establish the closing level date and price for any open Transaction acting in good faith.

Best execution

All Transactions are entered into by the Client as principal, at the Client's sole responsibility, risk and expense and subject to the terms and conditions set out in the client. In any transaction for or with a client, HYCM shall use reasonable diligence to ascertain the best outcome for the client in which to buy and/or sell so that the resultant price to the client is as favourable as possible under prevailing market conditions. Among the factors that will be considered in determining whether HYCM has used reasonable diligence are:

- the prevailing market conditions (e.g., price, volatility, and relative liquidity);
- the size and type of transaction;
- accessibility of the quotation; and
- the terms and conditions of the order (i.e. the speed in which the transaction has been communicated to HYCM)

i. Price

The prices shown on the Trading Platform and at which customers can enter into Transactions are the prices derived from the sources referred to in Clause 12.2.2. These prices will not be identical to those quoted by or available from any individual information provider or other data source.

ii. Cost

HYCM offers a fixed spread in most circumstances. A dynamic spread is applicable to certain products and further information in relation to their spread is available by following this link <https://www.hycm.com/en/products>.

Some client Transactions that are without a set expiry date will attract finance fees and further information is available by following this link https://www.hycm.com/sites/www.hycm.com/files/HYCM_rate_fee.pdf.

HYCM applies interest rate adjustments and/or apply any other storage fees to the client accounts, if any spot forex Transaction or spot CFD Transaction is not closed-out by the Client prior to 4:00 pm Eastern Standard Time on the business day such spot Transactions are entered into and further information on expiring Futures CFD contracts is available by following this link https://www.hycm.com/sites/www.hycm.com/files/HYCM_contract_expiry_Feb.pdf.

For some clients, the opening and closing action of placing Transaction in their account will attract commission obligations. For each action, a commission will be charged.

iii. Information

HYCM continually processes the price information from the various information providers and feeds the information into the Trading Platform after validating and authenticating it and adjusting the prices to provide spreads which HYCM considers appropriate in light of market conditions and other circumstances.

iv. Speed

- v. In certain circumstances, the speed of execution can be dependent on the speed of internet communications infrastructure and market volatility; where the quoted price is no longer representative of the underlying securities, but within a predetermined permitted maximum deviation from quoted price, then the client's trade will be executed at the best price available at that time, irrespective of whether the market movement is in a favourable or unfavourable direction.

For some Transactions, spreads may change frequently. In any event, HYCM has the right to vary its spreads at any time in its absolute discretion without notice.

As a condition of the entry into each Transaction for the Account, the Client must provide and maintain in the Account sufficient margin as determined by HYCM in its sole discretion from time to time. It is also the Client's responsibility to ensure that each Transaction in the Account is fully margined at all times. If the client fails to provide any margin, deposit or other sum due in respect of any transaction, HYCM does not guarantee that any Transaction or Transactions can be entered into at any given price or at all.

vi. Likelihood of execution

Where the client gives HYCM a specific instruction as to the execution of a Transaction, we will execute the Transaction in accordance with those specific instructions.

While the Internet and the World Wide Web are generally reliable, technical problems or other conditions may from time to time delay or prevent the Client from accessing the Trading Platform and executing trades.

Liquidity can affect order execution. When customers place a high volume of orders, order imbalances and backlogs can occur, requiring more time to execute orders. This is because of delays caused by the number and size of orders processed the speed at which current quotations or last-sale information is provided and system capacity constraints.

At times of high volatility or dependent on the volume of your trade/s, your trades will then be executed at the next best price subject to possible slippage. Stop / Limit orders may also be affected by this.

vii. Size

HYCMs offer for clients to enter into Transactions is subject to size considerations. If offered, client trades may be executed at the 'market price' as opposed to the price seen on the screen at the time of request. At times of high volatility or dependent on the volume of trade/s, Transactions will then be executed at the next best price subject to possible slippage. Stop / Limit orders may also be affected by this. Transactions, which the Client may offer to place, are subject to maximum limits established in HYCM's absolute discretion.

Monitoring and Reviewing the Order Execution Policy

HYCM aims to deliver the best possible result for the client, and, where appropriate, HYCM reserves the right to correct any deficiencies of our order execution policy. We will review our order execution arrangements and policy regularly and whenever a material change occurs that affects our ability to continue to obtain the best possible result for our clients. We will notify you of any material changes to our execution arrangements or our order execution policy by posting updates on www.hycom.com