



IFX Markets
global markets at your fingertips

Trade And Order Execution Policy

Effective from: 1st Nov 2007

1. Introduction

IFX Markets ('we' or 'us') is authorised and regulated by the Financial Services Authority (the 'FSA').

As an FSA authorised firm, we are required, to take all reasonable steps to obtain the best possible result (or 'best execution') when executing client orders on behalf of clients. We are also required to put in place an order execution policy and to provide appropriate information to our clients on our execution policy. This order execution policy provides you with that information.

When you open an account with us, you agree to be bound by our terms and conditions of service ('the Terms'). This policy is not intended to form part of the contract between us and there is no intention to create legal relations between us in respect of the matters covered by the policy. Rather, it is intended to set out the extent to which we will be required to provide you with best execution when executing your orders, and where the obligation applies, explain how we will do this. You will be taken to have consented to this policy by doing business with us.

The policy is written using informal language and is intended to be easy to understand. However we have to use some terminology which may not be familiar to every reader. If there is anything you do not understand, please contact our support services.

2. Our services

We provide margin services covering FX, precious metals and options on FX and precious metals traded in the global financial markets.

We decide what markets we will make available and we publish the prices at which each can be traded. We are the counterparty (or 'principal') to every trade, so if you choose to deal with us to open a position in a market you can only close that position by dealing again with us.

You may choose to execute transactions with us in one of three ways:

1. You ask us to execute a trade immediately against a price that we have provided using our interactive trading platform (the 'ITP'), over the telephone through one of our dealers, or via Reuters. We call execution by these methods a 'trade'. When executing through the ITP we provide you with a screen which shows continuously updating prices for each market. We also provide you with an immediate trade capability: if you see a price on the screen and the trade amount in which you want to trade is less than our size (but greater than the minimum trade amount), then the trade will under normal circumstances be executed at that price; you will, however, be advised immediately of a trade rejection where the market has moved or you have insufficient margin.

In the circumstances described above we will provide execution at the quoted price. Best execution will not apply in these circumstances. For more information see section 3.

2. You may ask us to execute a trade at a later time, at a price that you specify and we agree. We call this an 'working order'. In this case we will monitor your order and if our price for the relevant market rises or falls to the price specified in your order (and agreed by us) we will execute your order as described in Section 6 below. Best execution may apply in these circumstances.

3. In some circumstances, e.g. for large trade amount, or where you specifically request, we may agree with you that rather than execute your instruction at the price we quote, we will instead execute one or more trades in our name in the underlying and once these have completed then execute a single trade with you. This is referred to as an 'at best order'. We are the execution venue with whom your transaction will be executed. Best execution may apply in these circumstances.

In the circumstances described, the trade becomes effective as soon as it has been confirmed to you; at the same time we will also confirm the price to you. Please note if we have agreed to work an order in the external market for you and have started to execute trades in the underlying you cannot cancel the order without the agreement of the FX trading desk.

3. Does Best Execution Apply?

The best execution requirement applies where we execute trades or orders 'on behalf of clients'. This has a particular meaning. We execute trades or orders 'on your behalf' where you legitimately rely on us to protect your interests in relation to the pricing or other aspects of the transaction that may be affected by how we execute your trade or order.

We will owe a duty of best execution where we execute a client order against our own proprietary position where we are making decisions as to how the order is executed: eg where we are 'working an order' on your behalf. This will often be the case in scenarios (2) and (3) described above in Section 2 especially if you are a retail client. However, even if the strict regulatory obligation of best execution does not apply we will always endeavour to offer you the most competitive prices.

In the circumstances described in scenario (1) in Section 2 above, where transactions are based on a specific request by you to buy or sell a financial instrument from us or on the acceptance by you of an offer made by the firm to buy or sell a financial instrument from us, we will typically not be executing an order on your behalf and the duty of best execution will not apply. In particular, where we engage in proprietary trading by quoting on a 'request for quote' basis, no duty of best execution will be owed. For example, where you request an FX quote from us via Reuters or over the telephone and then agree to deal with us at that price, or click on a quote using ITP, we will

not owe a duty of best execution to you.

4. The operation of the best execution requirement

Where we owe the obligation of best execution, the execution factors that we consider and their relative importance are as follows:

Price. The relative importance we attach is high taking account of the fact that for a retail client, total consideration is the key determinant of best execution.

Speed and Likelihood of Execution. The relative importance we attach is high.

Market Impact. The relative importance we attach is medium. Market impact is one of the factors that influences our size.

Cost of execution and trade/order execution fee. If we incur any costs in executing our trades in relation to executing an 'at best order' we will pass those costs to you. In addition we will charge you our order execution fee, the calculation of which will have been discussed with you prior to the execution of an 'at best order'.

Where we agree to provide an 'at best order' (as referred to above), the execution factors that we consider and their relative importance is similar to that set out above, however the relative importance attached to speed will be medium as for large trades we are concerned to minimise market impact.

The best execution rules require us to state which execution venues we might use to execute transactions that you have requested. Since we are the principal on every trade, we are the only execution venue for the purpose of the best execution rules. Before we undertake business with you, we will have obtained your express general consent to execute your orders outside a regulated market or multilateral trading facility.

5. Our prices and our sizes

5.1. Price

For any given market we will quote two prices: the higher price at which you can buy that market is called 'our ask price', the lower price at which you can sell that market is called 'our bid price'; collectively they are referred to as 'our price'. The difference between our ask price and our bid price is called the 'spread'.

Our price for a given market is calculated by reference to the price of the underlying, which we obtain from third party external reference sources. We update our prices as frequently as the limitations of technology and communications links allow. We review the sources of reference pricing that we use at least once a year, to ensure that the venues from which the data is obtained continue to be competitive sources of pricing.

There are several types of charge that we may make, either explicitly or rolled into our price. Further information on these will be provided separately.

5.2. Size

For every market offered by us we set a maximum trade amount for which the price that we quote is firm. Where the trade you wish to place is for a trade amount greater than that, the request will be referred to one of our dealers. The dealer may accept the trade or return a re-quote appropriate to the requested trade amount.

Note that if you have left multiple orders with us in the same market and with the same specified order price and with a trade amount greater than our size then there is no guarantee that they will all get executed at the same price point. First one will get filled, then the others. The execution prices will depend on the liquidity in the underlying and the filling of the first may affect the liquidity available for the filling of the second and so on.

5.3. Prices outside normal market hours

For some markets such as precious metals, we will quote a price outside normal market hours – i.e. during periods when a price for the underlying is unavailable because the exchange on which it is quoted is closed. In such circumstances our prices are constructed by our dealers by reference to one or more related alternative underlyings that are then trading, and may be adjusted in response to supply and demand from our clients. This means that outside normal market hours we exercise a greater degree of discretion in the construction of our prices. In addition, our spread is generally wider and our size is generally smaller than is the case inside normal market hours.

6. Dealing with your Working Orders

On most markets that we provide, we may (subject to the Terms) accept a 'working order' i.e. a request from you to execute a trade at some later time if our price of the relevant market has risen or fallen to the specified order price.

In most cases when an order is triggered it will be executed at or very close to the specified order price. However it is important to note that this is not guaranteed: our price may move suddenly from one level to another due to price movements in the underlying (called 'gapping'), for example following the release of financial statistics different to those expected. In such a case the execution price may be markedly different to the specified order price.

6.1. Triggering of orders outside normal market hours

Please note the following:

- no 'working orders' will be monitored or executed outside our trading hours for the relevant market. Note in particular that the price at which the order may be executed on resumption of our trading hours may be substantially different to the specified order price;
- if the underlying has traded through the specified order price of an order outside our trading hours and subsequently

recovers before the next resumption of our trading hours then the order will not be triggered, unless we have agreed otherwise with you;

- where we quote prices for a market outside normal market hours of the underlying orders will be triggered by our price even though the underlying is closed.

7. Specific instructions

You may request that we follow a specific instruction as to the execution of a 'working order' or 'at best order'. Please note that where we follow your specific instructions as to the execution of any 'working order' or 'at best order', we will not be required to take the steps set out in this policy to obtain the best possible result in respect of the element of the transaction covered by your specific instructions. For instance, if you place an 'at best order' with us and instruct us to execute it over a period of time, you will have waived your right to best execution as regards speed of execution.

8. Review of policy and its effectiveness

We will monitor compliance with this policy, and to that end we maintain audit trails of the data which is used to construct our prices.

This policy will be reviewed at least annually. As part of that process we will review both the sources of external reference pricing that are used and any external execution venues that we use when working orders 'at best' in the underlying.

If we make any changes to this policy, we will give you at least 14 days notice before the change takes effect.

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