



TMS BROKERS EUROPE Ltd. - Order EXECUTION POLICY

1. Introduction

- 1.1. TMS Brokers Europe Limited (hereinafter: **TMS Europe or We or the Company**) hereby issues "Order Execution Policy at TMS Brokers Europe Limited" (hereinafter: **the Policy**), which defines the detailed rules of conduct in connection with the execution of orders. The Policy is applied in connection with orders executed as a part of the service of executing orders to purchase or sell financial instruments.
- 1.2. This policy details the most important and relevant elements of the Company's execution arrangements. The best execution policy, details the means by which it obtains the best result when executing orders.
- 1.3. This policy sets out the strategy for complying with the best execution obligations in executing client orders and the key steps that the Company takes to implement its strategy and how these steps described herein enable it to obtain the best possible result for its clients. Whilst the Company is not under an obligation to obtain the best possible result for each individual order, we ensure to comply with this policy and meet the Best Execution Obligation on a consistent basis
- 1.4. This policy aims to:
 - describe the factors that affect the Company's choice of execution venues or entities to which it transmits orders
 - provide information on the manner in which the types of service provided modify the type of execution required
 - to provide information on known fees and charges of alternative venues and explain advantages and disadvantages of choosing a venue or entity over any other alternative.
- 1.5. This Policy applies to financial instruments and products specified in the Terms of Business and Financial Instruments Specification.
- 1.6. The Best Execution Obligation applies when we are executing Relevant Orders on your behalf. The Best Execution Obligation also applies when we are transmitting orders on your behalf to a third party broker for execution
- 1.7. The Policy specifies in particular: the factors that TMS Europe takes into account in order to obtain the best possible result for the client (Clause 5), the place of execution of orders (Clause 6), general Methodology of execution of orders (Clause 7) and detailed rules for the execution of orders (Clause 8), including the description of business models, applied systems and tools used by TMS Europe in order to obtain the best possible result for the client, the rules for creating quotations (Clause 7), as well as the monitoring and verifying the quality of orders (Clause 11).
- 1.8. This policy applies equally to the clients of TMS Europe that are Retail or Professional Clients. If you are a Professional Client or Eligible Counterparty, we may however agree with you in advance to apply differing

standards with applicable best execution regulations. All Retail and Professional Clients (hereinafter referred to as the Client or Clients) of TMS Europe are required to read this Policy and to make sure that the principles set out in the Policy are understandable and acceptable.

- 1.9. The Company does not owe its clients any fiduciary responsibilities as a result of the matters set out in this policy, over and above the specific regulatory obligations placed upon us, or as contractually agreed with you.

2. Scope

The Policy will apply when the Company carries out instructions from a Retail or Professional Client to buy or sell a Financial Instrument (an Instruction).

The aim of this document is to provide an overview of how the Company executes orders on behalf of clients and the factors which we consider when buying or selling a financial instrument (the Policy).

3. How does the Company deal with Execution of Orders

When executing orders the Company will take all sufficient steps to obtain the best possible result under the circumstances for the client, taking into account the following factors: (a) Price; (b) Costs; (c) Speed; (d) Likelihood of execution and settlement; (e) Size; (f) Nature; and (g) Any other factor that we consider relevant to the execution of your order including, but not limited to, the complexity of the Financial Instrument that is the subject of the client's Instruction, the liquidity of the relevant market and operational risks associated with the Financial Instrument that is the subject of your Instruction. (referred to as the Execution Factors below).

4. Dealing in volatile markets and during periods of high trading activity

- 4.1. Clients of TMS Europe are notified that despite every effort of TMS Europe to obtain the best possible results for its clients, there could be specific conditions and risks affecting the execution of client orders and these include:

- the number and size of orders being executed
- situations of low liquidity
- event of an extraordinary change of relations or in other cases as specified in the Terms of Business any other event that may preclude the ordinary execution of trades

For further information on handling of orders, please refer to the Terms Of Business Document by TMS Europe available at <https://www.tmseurope.com/documents>.

5. Disclosure of Conflict of interest

- 5.1. In order to execute the Client's order, TMS Europe concludes transactions directly with the Client, i.e. it remains the other party to the concluded transaction. The transaction is a potential source of conflict of interest. A conflict of interest occurs when the Client opens a position that is the opposite of the TMS Europe position, thus the Client's loss on this transaction is the profit of TMS Europe. As a rule, TMS Europe operates on the basis of the riskless principal model, i.e. concludes transactions with the Client and concludes

hedging transactions, however a conflict of interests arises as the Company is technologically related to “Dom Maklerski TMS Brokers S.A.”, which is a main liquidity provider as outlined in Annex 1. In addition, “*Dom Maklerski TMS Brokers S.A.*” holds a minimal shareholding percentage (less than 25%) of the holding company i.e. „*TMS Brokers Holdings Ltd*”. This leads the „Dom Maklerski TMS Brokers S.A” to have a direct interest via a minimal ownership of the holding company. Detailed information on the basic rules of conduct of TMS Europe in the event of a conflict of interest, including accepting and transferring incentives, are highlighted in the Terms of Business provided and the Conflicts of interest policy both available at <https://www.tmseurope.com/documents>.

- 5.2. TMS Europe shall not receive any remuneration, discount or non monetary benefit for routing client orders to a particular trading venue or execution venue which would be in breach of the requirements around conflict of interest or inducements as applicable in the relevant applicable regulations.
- 5.3. TMS Europe will not structure or charge its commission in such a way as to discriminate unfairly between execution venues.

6. Execution Factors

- 6.1. TMS Europe is a MIFID II entity and hence it is required to take all sufficient steps to ensure best possible results for its clients in executing client orders. Factors taken into consideration to ensure best executions are:
 - Price of the financial instrument
 - Costs related to the execution of the order
 - Speed and time of the transaction
 - Likelihood of execution and settlement
 - Size of the order
 - Nature or any other consideration relevant to the execution of the order
- 6.2. When executing client orders, TMS Europe shall take into account the following criteria for determining the relative importance of the factors referred above:
 - the characteristics of the client including client categorisation;
 - The characteristics of the client’s order;
 - the characteristics of the financial instrument that is the subject of the order;
 - the characteristics of the execution venue that the order can be directed to;

When we carry the Instructions on behalf of a Retail Client, the best possible result will be assessed in terms of “total consideration”, which is the price of the Financial Instrument as well as the costs relating to execution of the client order which shall include all expenses incurred by the client 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.

When we carry out Instructions on behalf of a Professional Client, price will usually merit a high relative importance in obtaining the best possible result. However, in some circumstances and in relation to some clients, we may appropriately determine that other execution factors are more important than price in obtaining the best possible execution result.

6.3. Specific Instructions: Specific instructions requested by the client in relation to an Instruction, the Company will, to the extent possible, execute the order in accordance with the specific request which may prevent the Company from taking the steps described in the Policy to obtain the best possible result for the execution of the order. The Clients are hereby warned that trading rules for specific markets may prevent the Company from following certain specific requests. In the event that client's specific request is incomplete or only relates to part of an order, we will determine any non-specified aspects of the execution in accordance with the Policy

6.4 TMS Europe will also apply the following factors in its best execution determination:

- *price - high weight*
- *costs - high weight*
- *time of transaction - high weight*
- *the probability of concluding a transaction - high weight*
- *order size - high weight*
- *nature of the order - medium weight*
- *technological stability - high weight*
- *other factors – low weight.*

6.5 TMS Europe executes orders immediately after the fulfillment of the condition indicated in the order (in particular in relation to market conditions) with the applicable ranking of factors unless the Client's instructions indicate otherwise, or if such order would be against the Client's interest.

6.6. TMS Europe immediately notifies the Client about circumstances that prevent the best execution of the order. Notification shall be made in the manner specified the in the Terms of Business, in particular via the transaction system.

7. Place of execution of orders

The company may place execution of offers through the over-the-counter (OTC) market, however it is currently and primarily channelling client orders through the execution venue/s as specified in Annex 1. If it is decided to use an alternative to the current setup (in order to fulfil its obligation to take all sufficient steps to obtain, on a consistent basis, the best possible result for the execution of their Instruction) in relation to client's instruction, the company will inform its clients of these changes. Should a potential alternative setup include an additional execution venue which is not also a trading venue (such as regulated markets, multilateral trading facilities and organised trading facilities), the company will expressly request client consent for it to execute the order outside of a trading venue.

7.1 When executing order for its clients, TMS Europe will consider various execution venues in the interest of its clients. However, as allowed under the MIFID II, execution of orders can be limited to a single venue if TMS Europe is able to ensure that this still allows it to obtain best execution for its clients on an ongoing basis.

7.2 In this policy, TMS Europe confirms that it shall take all efforts to ensure that the venue it selects enables it to obtain best execution results that it reasonably could expect from using other execution or trading venues. It hereby confirms that by placing its client's orders with TMS Europe, it will still be able to deliver the best possible result for its clients. A list of trading venues is listed at the back of this document in Annex 1 and are also available on TMS Europe website. Any changes to the execution venues used to execute client orders will be updated on the website. .

7.3 This list of trading venues is provided for indicative purposes only and includes the venues in which it mostly relies. TMS Europe reserves the right to utilize other venues in accordance with best execution obligations laid in this policy. Such list is also subject to changes as applicable.

7.4 TMS Europe is also obliged to assess on an ongoing basis trading and execution venues available in respect of the financial instruments that it executes to ensure that such venues deliver the best results to its clients. The list of trading and execution venues will reflect any such changes, with the client invited to refer to this list for regular updates from time to time.

8 Execution of orders methodology

8.1 The Client's orders are executed at TMS Europe or sent to the places of execution - this means that they are carried out outside of organized trading. By placing an order, the Client agrees to execute the order outside the regulated market and the alternative trading system (organized trading).

8.2 For financial instruments, the place of execution of Clients' orders is the registered office of TMS Europe or another place of execution disclosed by an annex to this Policy.

8.3 The Client is not able to indicate other places of the execution of order.

8.4 TMS Europe uses automated transaction systems to execute customer orders.

8.5 TMS Europe makes every effort to ensure that delays do not occur during the execution of the order, in particular for orders placed via online trading systems. Some orders placed via online transaction systems can be handled manually.

8.6 In the event of an Extraordinary Change of Relations, TMS Europe may be forced to interrupt the normal procedures of automatic execution of orders and redirect the handling of these orders to manual handling, which may lead to the execution of orders in a longer time than the standard. To minimize such a risk, TMS Europe has solutions that ensure the fastest, honest and reliable execution of Client orders to the greatest possible extent.

8.7 TMS Europe envisages that in the following non-exhaustive catalogue of circumstances, the order execution time may be longer than the standard time:

- manual confirmation of transactions;
- failure of IT systems and tele-information networks;
- interruption or suspension of quotations of underlying instruments or other similar situations;
- price gaps;
- incorrect quotation provided by price providers or liquidity providers;
- inconsistent quotation provided by liquidity providers;
- delays in data transmission;
- high price volatility of the underlying instrument;
- low liquidity on the underlying market;
- extraordinary market events on the underlying market;
- in cases of force majeure;
- imposing special conditions for transactions on a given base market;
- market opening;
- publication of macroeconomic data;
- significant market events;
- detailed Client instructions;
- the conditions for the execution of the order specific to a given financial instrument;
- distance of the Client from the transaction server;

- link quality;
- waiting for confirmation or execution of a transaction by a liquidity provider.

8.8 At the Client's request, TMS Europe is able to provide him/her with the information necessary to verify the correctness of TMS Europe's execution. Specifically, by looking into the scope of the order execution time over the standard execution time, and by indicating the circumstances preventing the order execution in the standard time in relation to orders placed by that Client.

8.9 The description of the TMS Europe business model is presented in the Paragraphs heading the Financial Instruments Specification for individual transaction systems. In the specification header, the following may be indicated as the order completion model:

- **Riskless Principal model**– transactions are secured with a liquidity provider or liquidity providers; functioning in such a model means that the time of order confirmation is prolonged, because TMS Europe upon receipt of the Client's statement concludes a hedging transaction and only after receiving confirmation of the transaction from its quotation provider confirms the transaction to the Client.
- **Market Maker model**– this means that the Client's orders are executed on the own account of TMS Europe which results in a conflict of interest. Due to technical and organizational conditions, as well as the market risk management strategy, Clients' transactions may be secured with liquidity providers.

In addition, for price quotations (but not in relation to the execution of transactions), the Company also identifies the following model:

- **STP model** - transactions are executed based on STP (Straight-Through Processing) prices. This means that Clients' transactions are made on the basis of quotations obtained from Quotation sources responsible for delivering offers to buy and sell financial instruments, from other entities and banks offering liquidity on an appropriate market. These quotations may include the TMS Europe margin as disclosed in the Table of fees and commissions

8.10 TMS Europe allows Clients to execute orders in the market mode. The final price of the order, which is executed in the market mode, may differ from the quotation available at the moment when the order was placed by the Client for execution, i.e. TMS Europe does not guarantee the execution of the order at the price shown in Transaction system (price slippage). Details of how to execute orders regarding the price and any deviations thereof have been specified in the Financial Instruments Specifications and the regulations for the provision of the service.

8.11 In the event of a situation defined as an Extraordinary Change of Relations, TMS Europe may decide to quote financial instruments in the request mode. This mode is based on the fact that each time the Client must send an inquiry about the price applicable to the instrument, and the transaction is concluded based on the Company's response.

8.12 Making a transaction through electronic systems may be subject to the risk of errors or delays in the execution of transactions or data issues. Factors affecting errors and delays are indicated in the Characteristics of financial instruments and a description of risk.

9 Detailed rules for the execution of orders in transaction systems

9.1 Our platforms include MT4 and MT5 transaction systems, or TMS Trader .

9.2 In the proces of executing market orders, TMS Europe performs orders (other than pending orders) on the following principles:

- When the order is received into the IT system, the price is verified after confirming that the prices of two sources of quotation providers do not differ from each other by more than the Quotation Tolerance parameter (concerning the wrong price) given in the Financial Instruments Specification. This check is carried out without undue delay;
- In the case of orders for instruments in which the target spread has been determined, an additional verification is carried out, comparing the prices quoted in the system with the prices obtained from the Quotation Source;
- As a result of the above checks, the transaction may be executed, requoted or rejected;
- Orders are also requoted or rejected in situations where there is a reasonable suspicion that the sources of quotes may contain outdated prices.

10 Manual mode of executing orders

10.1 The manual mode of order executing consists in the fact that the order is sent to the IT system handled by the Company employee.

10.2 The Company employee as part of the trade supervision verifies the correctness of the transaction price, as a result of which the order may be executed or rejected or requoted.

10.3 The manual mode of execution of orders is associated with the risk of a longer execution time or rejection time or re-quote time than transactions carried out in automatic mode, however not longer than 180 seconds).

10.4 Marketplace orders that the Company concludes with its liquidity provider in parallel to the transaction concluded with the Client are based on prices from this source. TMS Europe verifies the quality of pricing and execution of individual liquidity providers.

10.5 The price level specified in the order with the limit or stop order is only the level activating the order. The order after its activation goes into the market execution mode, which means that it will be executed at the best price taking into account the transaction volume and available liquidity when the order is transferred to the IT system. Thus, this means that the order can be made at a better, inferior or same price as specified in the order.

10.6 Orders in the TMS Trader system are not executed partially (so-called "partial execution"). The order is executed in full or not at all ("fill or kill").

11 Quotation creation

11.1 For instruments with variable, market transaction spread:

- The prices (bid and ask) for transactions come from Quotation sources (as indicated in annex 1 of this document) and increased by a mark-up (as indicated in Table of fees and commissions available at <https://www.tmseurope.com/documents>).
- Spread cannot be negative.

11.2 For fixed spread instruments:

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- The prices (bid and ask) for transactions come from Quotation sources (as indicated in annex 1 of this document)
- To determine the final price, the average price (mid) is calculated from the bid and ask quotations and the margin (determined as the target spread indicated in the Financial Instruments Specification) is imposed.
- Spread cannot be negative.
- In situations described as an Extraordinary Change in Relations, the spread may significantly exceed the value of the target spread indicated in the Financial Instruments Specification.

11.3 The prices (bid and ask) for transactions based on share prices, ETF and cryptocurrencies come from Quotation sources (as indicated in annex 1 of this document) and increased by a mark-up (as indicated in Table of fees and commissions available at <https://www.tmseurope.com/documents>).

12 The process of monitoring the best execution of orders

12.1 TMS Europe will review the effectiveness of its Best Execution policy and arrangements on at least on an annual basis. This review will assist in the identification of any deficiencies and to take remedial actions as necessary. However, should material changes take place (defined as a significant event that could impact parameters of best execution such as cost, price, speed, likelihood of execution and settlement, size, nature or any other consideration relevant to the execution of the order), will necessitate a review of the policy. TMS Europe will inform its clients of any material changes to its order execution arrangements by posting an updated version of this document on www.tmseurope.com and by electronic communication with the client.

13 Final provisions

TMS Europe informs the Client about significant changes to the Policy on the date specified in the regulations for the execution of orders (14 days) for each of the services offered by TMS Europe and also on its website.

The Company monitors compliance with this Policy on an ongoing basis and review our Best Execution arrangements regularly and at least annually and whenever a material change occurs that may affect our ability to continue to obtain the best possible result for our clients. Any material changes to this Policy will be notified to our clients via e-mail message or message in the transaction system and provide such with a link to the updated Policy.

Clients have the right to request at any time demonstration that we have carried out their instructions in line with this Policy.

13.1 If the Client does not agree to the new wording of this Policy, he or she should terminate the agreement with a notice period - failure to do so within the specified 14-day period will automatically be considered as an acceptance from client's side.

13.2 It is also understood that the Client agrees to the content of the Policy when the Client submits an order during the Policy's duration.

13.3 Amendments to the Order Execution Policy are introduced by the Resolution of the Management Board of TMS Europe.

13.4 This Policy is an integral part of the agreement for the execution of orders (Framework Agreement) and should be read and interpreted in conjunction with the agreement for the execution of orders and regulations for the provision of services.

13.5 The Policy applies to retail Clients as well as to professional Clients. The Policy does not apply to eligible counterparties.

13.6 The Policy has been in force since 09th January 2018

14 Consent

14.1 Notification of this policy to its clients is considered as obtaining clients' consent. Client consent outside of a trading venue shall necessitate client's prior express consent, which will be delivered to TMS Europe in the client order form.

15 Other information

15.1 The rules set out in this Policy present an approach to the collective execution of orders. Thus, the Policy does not define how each order is or will be handled separately.

15.2 TMS Europe does not discriminate against individual performance systems through the application of higher fees and commissions, unless this is due to objective factors, e.g. from risks or costs incurred by TMS Europe in connection with the maintenance of such a system.

Annex 1 – List of current execution Venues

1. Dom Maklerski TMS Brokers based in Poland

On a quarterly basis TMSE shall conduct alternative trading venues testing on two levels:

- 1) between possible liquidity providers and
- 2) between processing orders indirectly through liquidity providers or directly by us

TMSE evaluates possible trading venues based upon:

- A. A minimum set of requirements
 - no of rejections
 - Av execution time
 - average time of execution
 - Spreads
 - Slippage
 - Costs
- B. End user pricing