

TMS BROKERS EUROPE

BEST EXECUTION POLICY

1. INTRODUCTION

- 1.1. This policy is issued pursuant to, and in compliance with, EU Directive 2004/39/EC of 21 April 2004 on Markets in Financial Instruments ("MiFID") and the Maltese legislation implementing MiFID (the "Rules") that applies to TMS Brokers Europe Ltd. ("the TMS, we, our").
- 1.2. In our dealings with you, we have a general duty to act honestly, fairly and professionally, taking into account your best interest. In relation to order execution, TMS is required to take all reasonable steps to obtain the best possible result when executing client orders or when placing orders with, or transmitting orders to, other entities to execute. Best execution means that TMS must take all reasonable steps to obtain the best possible result for Client when executing an order with Client or on Client's behalf, taking into account various execution factors and determine their relative importance based on the characteristics of our clients orders, the orders that we receive and the markets in which we operate. These factors are further described in this policy.
- 1.3. This policy sets out how TMS executes orders on behalf of clients, the factors that can affect the timing of execution and the way in which market volatility plays a part in handling orders when buying or selling a financial instrument.
- 1.4. This policy applies to TMS execution of orders on behalf of retail clients and professional clients as defined by the Rules.
- 1.5. Upon acceptance of a client order and when there is no specific client instruction regarding the execution method, TMS will execute an order in accordance with this policy.
- 1.6. All clients of TMS are required to familiarize themselves with these Rules and to make sure that the principles specified in the Rules are acceptable to the clients. TMS shall, to the extent possible, adhere to these Rules when executing orders. Information regarding how TMS handles orders can be found in Terms of Business of TMS Broker Europe LTD.

2. FINANCIAL INSTRUMENTS TO WHICH THIS POLICY APPLIES

- 2.1. This policy applies to financial instruments and products as defined by the Rules, including FX and CFD's.
- 2.2. The trading conditions for the above products are available on TMS' website, www.tmseurope.com.

3. TMS' APPROACH TO BEST EXECUTION

- 3.1 When executing orders, TMS will take all reasonable steps to obtain the best possible result under the circumstances for the client taking into account price, costs, speed, likelihood of execution and settlement, size, nature or any other consideration relevant to the execution of the order ("Best Execution").
- 3.2 When considering the best executing factors, TMS takes into account:
- the characteristics of the client order;
 - the characteristics of the financial instruments that are subject to that order (in particular in relation to Over-the-Counter "OTC" financial instruments);
 - the characteristics of the execution venues to which that order can be directed
 - the prevailing level of liquidity at the time of execution
 - other factors that TMS deems relevant for the execution of the order.
- 3.3 When TMS executes orders on behalf of retail clients, Best Execution means a set of procedures that are designed to obtain the best possible execution result for the client and will be determined in terms of the total consideration paid by the client, representing the price of a financial instrument and the costs related to execution, including all expenses incurred by the client which are directly related to the execution of the order such as venue execution fees, clearing and settlement fees and any other fees paid to third parties involved in the execution of the order, as well as other costs specified in the Table of Commission and Fees.
- 3.4 Upon entering into an agreement for the provision of investment services to a retail client and receipt of an order from a retail client, TMS shall notify the client that the best possible result of the client's order will be determined according to clause 3.3 of the Rules, except when the client issues different specific instructions.
- 3.5 Whenever there is a specific instruction from or on behalf of a client, TMS will – to the extent possible - execute the order in accordance with the specific instruction. A specific instruction from a client may prevent TMS from taking the steps that it has described in this policy to obtain the best possible result for the execution of orders. Trading rules for specific markets may prevent TMS from following certain of the client's instructions. To the extent that a client instruction is not complete, TMS will determine any non-specified components of the execution in accordance with this policy.

4. ELEMENTS OF BEST EXECUTION

- 4.1 The procedure for routing determinations is mainly based on four criteria and is regularly reviewed by TMS. Hence to determine the best way to execute an order for a client, TMS takes into consideration:

- 4.1.1 Speed and Likelihood of the Execution: Due to the levels of volatility affecting both price and volume, TMS seeks to provide client orders with the fastest, reasonably possible execution, although delays may occur.
- 4.1.2 Size Improvement: In routing orders, TMS seeks markets that provide the greatest liquidity and, thus, potential for execution of large orders. TMS also seeks opportunities for client orders to benefit from order-size commitments offered by third parties.
- 4.1.3 Overall Execution Quality: When determining how and where to route or execute an order, TMS' traders draw on extensive day-to-day experience with various markets and market makers, focusing on prompt, sequential, high quality and reliable execution.

5. RANKING OF EXECUTION FACTORS

- 5.1 The relative ranking of the different execution factors will be dependent upon, for example, the nature of the asset class traded, the liquidity of the relevant market and the time of the trade.

CFD EQUITIES

TMS trades as a principal to CFD equity trades with clients. TMS will route its hedge trade against CFD equity orders directly to the liquidity provider or the exchange. Please see section 10. DEALING ON QUOTES below for more information on trading OTC derivatives and best execution monitoring.

- 1. Price
- 2. Expected impact of execution
- 3. Likelihood of execution and settlement
- 4. Costs
- 5. Speed
- 6. Other factors

CFD based on Indices, Commodities, Bonds, FX, ETF's:

In relation to above-listed CFD contracts, Client enters into transaction with TMS. TMS acts as principal and not as an agent on Client's behalf and TMS therefore acts as the sole execution venue for the execution of Client's trades. This means that Client will be dealing with TMS and not within the underlying market. The main way in which we will ensure that you obtain best execution is through calculation of our bid/offer prices. TMS pays due regard to the market price for the underlying reference product, as specified in Financial Instruments Specification. TMS has access to a number of different data sources in order to ascertain the market price. Please see section 10. DEALING ON QUOTES below for more information. Ranking of applicable execution factors for above listed instruments are:

- 1. Price

2. Expected impact of execution
3. Likelihood of execution and settlement
4. Costs
5. Speed
6. Other factors

6. EXECUTION OF CLIENT ORDERS

- 1.1 TMS uses automated systems to route and execute client orders. When a client order is received by TMS, it is routed to the execution venue that TMS considers to generally provide the Best Execution or kept in-house for products which TMS trades against its own proprietary desk (e.g. some OTC products). TMS may execute orders outside regulated markets and multilateral trading facilities.
- 1.2 For OTC products, TMS will trade (as principal) against its own proprietary desk and may in turn route its own orders to other market maker firms. Single Stock CFDs are routed to a regulated market, a Multilateral Trading Facility (MTF) or a Broker Crossing Network (BCN). For OTC traded CFDs on single stocks and commodities execution is benchmarked to the pricing and liquidity on the primary regulated market or exchange of the relevant stock or commodity.
- 1.3 There may be delays in execution of orders, including orders placed through online trading systems. Some orders placed through online trading systems may be handled manually. When high traffic in electronic orders causes a back log, TMS, as well as market makers to which orders are sent for execution, must sometimes discontinue normal automatic execution procedures and turn to manual execution, leading to possible delay in execution. In order to minimize such a risk, TMS has in place procedures and arrangements which to the furthest extent possible provide for the prompt, fair and expeditious execution of client orders.

7. EXECUTION VENUES CURRENTLY USED

- 7.1 TMS uses a number of external financial institutions and brokers in the process of receiving and relaying orders or to directly execute listed financial instruments in order to obtain the best possible result on a consistent basis when executing an order on the client's behalf.

8. EFFECTS ON ORDER EXECUTION

- 8.1 Clients should be aware of the following risks associated with volatile markets, especially at or near the open or close of the standard trading session:
 - Execution at a substantially different price from the quoted bid or offer or the last reported sale price at the time of order entry, as well as

partial executions or execution of large orders in several transactions at different prices.

- Delays in executing orders for financial instruments that TMS must send to external market maker and manually routed or manually executed orders.
- Opening prices that may differ substantially from the previous day's close.
- Locked (the bid equals the offer) and crossed (the bid is higher than the offer) markets, which prevent the execution of client trades.
- Price volatility is one factor that can affect order execution. When clients place a high volume of orders with brokers, order imbalances and back logs can occur. This implies that more time is needed to execute the activated pending orders. Such delays are usually caused by the occurrence of different factors: (i) the number and size of orders to be processed, (ii) the speed at which current quotations (or last-sale information) are provided to TMS and other brokerage firms; and (iii) the system capacity constraints applicable to the given exchange, as well as to TMS and other firms.

8.2 In extreme volume and volatility situations, exchange system constraints may require automated trading systems to be switched off and/or electronic order routing to be suspended in favour of manual execution. Such events lead to further execution delays and increased market volatility.

9. TYPES OF ORDERS

9.1 Given the risks that arise when trading in volatile markets, the client may want to consider using different types of orders to limit risk and manage investment strategies. Information regarding what types of orders can be handled by TMS can be found in Terms of Business of TMS Broker Europe LTD, in the section Orders Placed by the Client.

10. DEALING ON QUOTES

10.1 When trading OTC derivatives with TMS, you are trading on our price. TMS provides quotes for Financial Instruments as specified in Terms of Business. In monitoring best execution for all types of Financial Instruments, we will monitor the calculation method to ensure that it is applied consistently at all times.

11. REGULAR REVIEW OF EXECUTION QUALITY AND OF EXECUTION VENUES

- 11.1 TMS will review this policy annually and whenever a material change occurs that affects TMS' ability to obtain the best possible result for the execution of client orders.
- 11.2 During the assessment, TMS shall review the following: a) whether a better result for the clients could be achieved by executing Orders in other or additional trading venues or by transmitting the Orders to other or additional brokers; b) whether the trading venue where the likelihood of settlement is highest generally provides the client with the best result.
- 11.3 TMS regularly reviews the overall quality of its order executions and its order routing practices, including its order routing vendors and the available exchanges. TMS will amend this policy on the basis of such reviews if it considers it to be necessary. Any new policy will be made available on TMS' websites and will be in force as from the moment of publication.

12. TERMS OF BUSINESS

- 12.1 This policy is subject to Terms of Business and other business terms from time to time governing the relationship between the client and TMS. Further information on order execution, including TMS' market making function, can be found in Terms of Business.

This policy is effective from 10th May 2016 and shall remain effective until a more recent version is released. The prevailing version of the policy is always available at www.tmseurope.com.