



SAXO CAPITAL MARKETS (AUSTRALIA) PTY LTD

# ORDER EXECUTION POLICY

## 1. INTRODUCTION

As part of our commitment to improving industry standards and enhanced disclosures, Saxo Capital Markets (Australia) Pty Ltd ("SCM") provides this Order Execution Policy (the Policy) to help clients understand how SCM executes client orders and how SCM provides Best Execution (as defined in Section 3) so that clients can make an informed choice on whether to use SCM's services. You should ensure that you have read and understood its contents.

This Policy is not intended to add to or create any duties or obligations that would not already exist by the express terms governing SCM's relationship with you or pursuant to mandatory requirements of any relevant or applicable law if this Policy did not exist. Therefore nothing under or pursuant to this Policy is intended to mean or imply that SCM owes you any fiduciary responsibilities over and above either (a) the strict and mandated regulatory and legal requirements placed upon SCM under any relevant or applicable laws; or (b) what has been specifically agreed by you as a Client in agreeing to the General Business Terms of SCM governing the terms of your relationship with SCM.

SCM is a wholly owned subsidiary of Saxo Bank A/S, a private company incorporated in Denmark (Company No: 15731249) and having its registered office at Philip Heymans Allé 15, DK-2900 Hellerup, Denmark ("Saxo Bank"). Saxo Bank executes all SCM client orders on our behalf, whether we are acting as principal or agent to the trade. SCM does not execute client orders through any other dealing venue or counterparty. We therefore place reliance on Saxo Bank as our single execution venue.

You are reminded that Saxo Bank is subject to Danish and European regulations. To comply with those regulatory requirements, Saxo Bank provides its own Order Execution policy which can be found [here](#)<sup>1</sup>. You must review and confirm your satisfaction with the terms of Saxo Bank's Order Execution Policy.

SCM, through an arm's length service agreement, requires Saxo Bank to implement processes and procedures to evidence that, as our single execution venue, it will deliver Best Execution and so enable SCM to provide Best Execution to its clients. In addition, SCM monitors the quality of Saxo Bank's execution obtained on your behalf by SCM.

***If you proceed to place an order with us, we will take that as your consent to SCM executing that order in accordance with this Policy and Saxo Bank's Order Execution Policy.***

<sup>1</sup> <https://www.home.saxo/-/media/documents/business-terms-and-policies/best-execution-policy-en.pdf?la=en>

## 2. SCOPE

When dealing with clients, SCM aims to act honestly, fairly, professionally and in the best interest of the client. In relation to order execution, SCM shall take all sufficient steps to obtain the best possible result on a consistent basis.

SCM shall aim to provide Best Execution where SCM is acting in an agency or riskless principal capacity, where we have a contractual obligation to do so or when SCM is acting in a principal capacity and you, as a client, are placing a legitimate reliance on SCM to protect your interest in relation to the execution of a transaction.

SCM will execute an order in accordance with this Policy upon acceptance of a client order and when there is no

specific client instruction regarding the execution method. The Policy should be read with SCM's General Business Terms and other business terms from time to time governing the relationship between the client and SCM.

## 3. APPROACH TO BEST EXECUTION

Best Execution is the process by which we seek to obtain the best possible result when executing client orders. SCM must take into account a range of execution factors and determine their relative importance based on the characteristics of its clients, the orders that it receives and the markets in which it operates. These factors are further described below.

### 3.1 Execution Factors

SCM has considered a number of criteria that might be important to clients. These are called the Execution Factors:

- a. Price – the market price at which the order is executed;
- b. Costs – any additional charges that may be incurred in executing the order in a particular way over and above SCM's normal charges;
- c. Speed of execution – this can be particularly important in fast moving markets;
- d. Likelihood of execution and settlement – the best price is of little use if SCM cannot execute at it or if the transaction fails to complete;
- e. Size and Nature of the transaction – the way that SCM executes an unusual order (for example, one that is larger than the normal market size or has unusual features such as an extended or shortened settlement period) may differ from the way it executes a standard order;
- f. Market Impact – the effect that executing a client's order, or showing it to other market participants, might have upon the market; and
- g. Other factors relevant to particular order types – as applicable.

### 3.2 Execution Criteria

The relative importance that SCM attaches to the Execution Factors in any particular case may be affected by the circumstances of the order. These are called the Execution Criteria.

- a. Client Characteristics – professional clients may have different needs to retail clients;
- b. Transaction Characteristics – such as the potential for it to have an impact on the market;
- c. Financial Instrument Characteristics – such as liquidity and whether there is a recognized centralized market;
- d. Venue Characteristics – particular features of the liquidity sources available to SCM; and
- e. Other relevant circumstances – as applicable.

### 3.3 Execution Venues

SCM relies on the selection of execution venues by Saxo Bank. A list of execution venues currently used by Saxo Bank is published on their website, and is updated as necessary. Please note that in exceptional circumstances, Saxo Bank may choose to execute at a venue or entity that is not included in the published execution venue list.

Venues used might include:

- a. Regulated Markets (RM)
- b. Multilateral Trading Facilities (MTF)
- c. Systematic Internalisers (SI)
- d. Liquidity provided from Saxo Bank's own internal flow aggregation book
- e. Other brokers, dealers and market makers

SCM reviews the execution venues that Saxo Bank selects to help ensure that we are taking all sufficient steps to deliver the best possible result for our clients.

As SCM has a single execution venue, it checks Saxo Bank to ensure that they are consistently able to deliver Best Execution for SCM clients.

### 3.4 Application of Best Execution

SCM will use sufficient endeavours to act in accordance with this Policy, but does not guarantee that the best possible price will be obtained in all circumstances. There may be occasions when SCM changes the priorities given to the execution factors and executions criteria outlined in 3.1 and 3.2, where we deem that execution may not lead to the best possible result as well as our overall obligations in respect of our obligations to take necessary steps to keep an orderly market. The relative ranking of the different execution factors can therefore be dependent upon, for example, the nature of the asset class traded, the liquidity of the relevant market and the time of the trade, whether there has been severe market disruption or a system outage. This ranking reflects the nuances and differences between markets and exchanges, notably when looking at trading on exchange versus OTC products.

When SCM executes orders on behalf of clients, Best Execution is determined on the basis of the total consideration paid to or by the client, unless the objective of execution of the order dictates otherwise. Total consideration is the price of the 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.

When assessing whether Best Execution has been achieved, SCM does not take account of its standard charges that will be paid by the client irrespective of how the order is executed.

## 4. TRANSACTIONS WHERE BEST EXECUTION HAS LIMITED SCOPE

### 4.1 Specific Instructions

Clients may ask SCM to execute their orders in accordance with specific instructions, either generally or on a case by case basis. To the extent that SCM is able to accommodate such requests, it will do so. However:

- a. Where the specific instructions will result in higher costs, SCM may reflect those additional costs in its charges to the client. In this case, SCM will notify the client of its revised charges before accepting the order(s).
- b. Where the specific instructions conflict with its normal processes, SCM will give the specific instructions precedence. This may result in a different outcome for the transaction.
- c. Where there is no conflict, SCM will continue to follow its normal execution Policy.

### 4.2 Automatic Margin Close-Out (Event of client default)

In an event of client default due to insufficient margin, SCM shall seek to immediately terminate, cancel and close-out all or part of any outstanding positions. SCM retains discretion as to how to handle automatic margin close-outs, including with respect to order execution, fill quantity, aggregation, priority and pricing.

### 4.3 Funds

Funds are priced based on the value of their underlying Assets. Most funds will calculate and publish a price every working day referred to as the NAV (Net Asset Value). There is no continuous pricing of fund units throughout the trading day but trades are executed at the next available NAV. This means that you will not know the exact number of units your investment will result in but you will per definition get the best possible price.

## 5. ORDER HANDLING

### 5.1 Execution of Client Orders

SCM offers execution-only trading to our clients and our parent company Saxo Bank executes all SCM client orders on our behalf whether we are acting as principal or agent to the trade. SCM does not execute client orders through any other dealing venue or counterparty.

Saxo Bank uses automated systems to route and execute client orders and SCM is dependent on Saxo Bank for onward routing of SCM client orders to the appropriate execution venues. Saxo Bank may in turn route its own orders to other market maker firms, venues or exchanges. However, if we transact your order as agent it is automatically routed to an execution venue determined by Saxo Bank to achieve the Best Execution according to this Policy.

SCM undertakes to take all steps necessary to resolve any service issues by negotiation with Saxo Bank and to take into full account the operational issues involved in any such decision. Saxo Bank, as the venue provider to SCM, recognises SCM's right to decide to execute trades on an alternative venue in circumstances where there is a continued and serious deterioration in the quality of its service to SCM.

### 5.2 Aggregation and Split

An SCM client's order may at the discretion of Saxo Bank be aggregated with Saxo Bank's own orders, orders of any of SCM's associates and/or their clients. Furthermore, Saxo Bank may split a client order as well as aggregate orders where it is unlikely that the aggregating of orders and transactions will work overall to the disadvantage of any client whose order is to be aggregated. However, it remains possible that the effect of any aggregation may work to the disadvantage of any particular client in relation to any particular order.

### 5.3 Market Volatility

Market volatility may result in the price of a Financial Instrument moving significantly from the time of receipt of a client order to the time of order execution.

Clients should be aware that there are risks associated with volatile markets, especially at or near the open or close of the standard trading session. These risks include, but are not limited to:

- a. Execution at a substantially different price from the quoted bid or offer or the last reported price at the time of order entry, as well as partial executions or execution of large orders in several transactions at different prices;
- b. Delays in executing orders for financial instruments that Saxo Bank must send to external venues and manually routed or manually executed orders;
- c. Opening prices that may differ substantially from the previous day's close;
- d. Locked (the bid equals the offer) and crossed (the bid is higher than the offer) markets, which may prevent the execution of client orders;
- e. Price volatility is one factor that can affect order execution. When there is a high volume of orders in the market, order imbalances and back logs can occur. This implies that more time is needed to execute the 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 Saxo Bank and other brokerage firms; and
  - iii. the system capacity constraints applicable to the given exchange, as well as to Saxo Bank and other firms.

#### 5.4 Orderly Markets

SCM and Saxo Bank are obliged to take necessary steps to keep an orderly market, and so operate with Compliance order filters. Compliance order filters are also present at exchanges and other brokers that might be used by Saxo Bank to route an order to the designated market. The filters might result in orders with large expected market impact being delayed or traded using an algorithm, potentially causing slippage from the expected arrival price. Stop Out or Stop Traded orders are also, at Saxo Bank's discretion, grouped into larger orders and then traded as an algorithm to prevent cascading market impact or large market impact in general. Neither SCM nor Saxo Bank can be held liable for price slippage caused by acting to keep an orderly market and minimize the impact on markets and prices.

#### 5.5 Information Sharing

Saxo Bank may have access to, use and provide counterparties with information on an anonymous and aggregated basis, including but not limited to, your orders (i.e. orders executed in full or part, cancelled, or expired), positions, trade and other data and analytics (collectively, Anonymous and Aggregated Data). This Anonymous and Aggregated Data may be used for market information, analytical tools, risk management strategies for market making and liquidity provision and other Saxo Bank products and services. The nature of any Anonymous and Aggregated Data provided to you may differ from that provided to other counterparties in terms of quantity, scope, methodology or otherwise and may be changed from time to time without notice to you.

#### 5.6 Dealing on Quotes

When trading over the counter (OTC) derivatives, clients are trading on Saxo Bank's price. There are a number of factors that can be used to construct a derivative price, and these will vary depending on the asset class traded, the nature of the market and the characteristics and terms of the transaction and any special market or credit risks posed by it. Saxo Bank applies a standardised method of calculation for these types of derivatives to ensure that the price it is offering at any given time is always considered fair and the best price it can obtain on the client's behalf. In monitoring best execution for these types of instruments, Saxo Bank will monitor the calculation method to ensure that it is applied consistently at all times.

Saxo Bank will check the fairness of the price proposed to the client, by gathering market data used in the estimation of the price of such product and, where possible, by comparing with similar or comparable products.

## 6. REVIEW AND MONITORING OF THIS POLICY

SCM shall monitor the effectiveness of its execution arrangements under this Policy, and where appropriate, correct any deficiencies. SCM checks the fairness of the price proposed to the client, by gathering market data used in the estimation of the price of such product and, where possible, by comparing with similar or comparable products.

SCM shall review this Policy annually and whenever a material change occurs that affects SCM's ability to consistently obtain the best possible result for the execution of client orders, but will generally assume that the Client's choice of SCM as the Client's ultimate carrying broker is materially induced by the fact that SCM as a member of the Saxo Bank A/S group of entities has access to and can give Clients access to the Default System for their electronic self-communication of their Orders for execution.

SCM 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 SCM's websites and will be in force as from publication.

## 7. CHARGES

SCM charges for its services. The charges may vary depending on factors such as the service it is providing to the client, the manner in which they are used, or the pricing plan that the client has agreed to.

Details of SCM's charges are available on its website. Where it provides liquidity from Saxo Bank's internal flow aggregation book SCM will provide the client with a two way dealing price. In normal circumstances, the difference between the bid price (at which SCM is willing to buy) and the ask price (at which it is willing to sell) will constitute part of its charges for the service provided. For the purpose of assessing whether it has achieved Best Execution, SCM will not take in account its standard charges that apply to a client's transactions irrespective of the venue at which they are executed. SCM will, however, take account of any charges levied by a third party or incorporated into its prices to reflect cost differentials of dealing at different execution venues.

## Schedule 1: Financial Instruments

The Best Execution obligation applies when SCM executes a transaction on behalf of a client in the following financial instruments and products:

- a. Bonds;
- b. Cash Equities;
- c. Exchange Trade Products (ETF, ETC, ETN);
- d. CFD Equities;
- e. CFD Indices;
- f. CFD Commodities;
- g. Futures;
- h. Listed Options;
- i. Rolling Foreign Exchange Spot;
- j. Foreign Exchange Forward;
- k. Foreign Exchange Options; and
- l. Collective Investment Undertakings (Funds).

Best Execution does not apply to :

- a. Spot foreign exchange transactions undertaken with the intention of converting money from one currency to another – including transactions undertaken to facilitate settlement of other transactions.
- b. Transactions arising from the exercise of an option. SCM will treat an instruction to exercise an option as a specific instruction from the client to exercise his rights under the option contract and will not take account of the state of the underlying market at the time.

## Schedule 2: Bonds

### 1. Products in Scope:

Purchase and sale of global Bonds

### 2. Order Types Available

SCM's online trading works with one order type: Fill or Kill (market) order:

- a. Order will be filled at the indicative limit price.
- b. Order will be filled at better terms than (below/above) the limit price.
- c. Be cancelled (killed) due to firm or pricing outside of the indicative bid/offer price, or due to lack of liquidity.

SCM's offline trading, for specific bonds, allows the client to place an OTC limit order. In this case SCM's execution venue, Saxo Bank, works the limit order manually on a best effort basis, versus Saxo Bank's liquidity and follows the rules for offline trading as described below.

### 3. Relevant Execution Factors

SCM trades as a principal to bond trades with clients. In exceptional circumstances, for instance when working large orders in highly illiquid bonds SCM may act as agent.

The ranking of execution factors for bonds is:

1. Price
2. Expected impact of execution
3. Likelihood of execution and settlement
4. Order size & type
5. Costs
6. Speed
7. Other factors

### 4. SCM's selected venue

Orders can be executed over the counter (OTC) against Saxo Bank Liquidity referred to as offline trading, or traded on the SCM platform STP to execution venues via Saxo Bank referred to as online trading.

When executing client orders and hedging, Saxo Bank may source liquidity from:

- Its own trading book;
- Other dealers in the market;
- Regulated Trading venues.

**5. Saxo Bank Offline Trading:**

Execution is done bilaterally with Saxo Bank with many orders still negotiated over the telephone. Due to the market structure, Bonds are still largely traded bilaterally using voice trading. Saxo Bank uses a Principal model, where clients can trade on prices offered by Saxo Bank, on request from the client.

**6. Saxo Bank Online Trading:**

Bonds traded via Saxo Bank's online bond offering are carefully selected based on sustainable liquidity, hence sufficient indicative prices and active dealers. Execution is carried out on the Request For Quote (RFQ) model of a Multilateral Trading Facility (MTF) allowing Saxo to access multiple liquidity providers. The Liquidity providers participating are prioritized based on historical data in order to obtain a fair price, within a given time frame.

**7. Price formation****7.1 Offline trading:**

The market is characterised by indicative OTC prices. For bonds traded offline Saxo Bank splits all bonds into one of three baskets based on the relevant bond's liquidity.

For highly liquid bonds, Saxo Bank will offer a bid/offer price in line with prices shown in any attainable firm market (this includes public exchanges to which Saxo Bank has access, as well as OTC counterparts).

For bonds with lower liquidity, Saxo Bank will source a minimum of three separate indicative prices to gauge the best price based on the order size.

For highly illiquid bonds, Saxo Bank seeks to derive a mid-price based on all indicative pricing information available to it, and then quotes a bid/offer spread to the client factoring in a predefined additional spread.

**7.2 Online Trading:**

The (live indicative platform) price is derived from multiple prices, price sources, and price model calculations, to form a relevant average of the market. The aim of our pricing is to reflect the real market prices as close as possible, despite the indicative nature of the bond markets.

**8. List of Main Execution Venues**

SCM relies on the selection of execution venues by Saxo Bank. A list of execution venues currently used by Saxo Bank is published on their website and is updated as necessary. Please note that in exceptional circumstances, Saxo Bank may choose to execute at a venue or entity that is not included in the published execution venue list.

## Schedule 3: Cash Equities & Equity-like Products

**1. Scope**

- Products in Scope
  - Purchase and sale of cash equities and equity-like products, such as ETFs, ETCs and ETNs.
- Not in Scope
  - Transactions arising from the exercise of an option

**2. Order Types Available:****2.1 Market Order**

With a market order the client instructs a financial institution or trading counterparty to execute a trade of a certain size as promptly as possible at the prevailing market price. Financial institutions are required to execute market orders without regard to price changes. Therefore, if the market price moves significantly during the time it takes to fill a client's order, the order will most likely be exposed to the risk of execution at a price substantially different from the price when the order was entered.

Certain exchanges do not support market orders. If the client places a market order in these markets, Saxo Bank will automatically translate the order to an aggressive limit order within a certain percentage limit "in the money". It is the client's own responsibility to check if the order is traded in the market after order entry. If the client experiences or suspects any errors with his/her order, the client should contact SCM immediately.

Orders may be traded using an algorithm potentially causing slippage from the expected arrival price. This is done by Saxo Bank in an attempt to prevent large market impact and live up to our obligations to keep an orderly market. SCM and Saxo Bank cannot be held responsible for missing fills when using such algorithms to minimize market impact.

**2.2 Limit Order**

With a limit order, the client sets the maximum purchase price, or minimum sale price, at which the trade is to be executed. As a limit order may be entered away from the current market price, it may not be executed immediately. A client that leaves a limit order must be aware that he/she is giving up the certainty of immediate execution in exchange for the expectation of getting an improved price in the future. Limit orders may be routed to an exchange without human intervention.

Where a limit order is placed in a share admitted to trading on a regulated market, Saxo Bank shall not be obliged to publish that limit order if it cannot be immediately executed under prevailing market conditions.

### 2.3 Immediate or Cancel (IOC)

An immediate or cancel order (IOC) is an order to buy or sell that must be executed immediately, and any portion of the order that cannot be immediately filled is cancelled. An IOC order may fill completely or partially, or it may not fill at all.

### 2.4 Stop Order

Different from a limit order, a stop order allows selling below the current market price or buying above the current market price if the stop price is reached or breached. A stop order is therefore a "sleeping" market order until the stop price is reached or breached.

### 2.5 Trailing Stop Order

The trailing stop order is a stop order as described above but the trailing stop price moves according to parameters set by the client. This way the trailing stop can be used to sell if the price drops more than a specified distance from the highest price traded or to buy if the price trades above a set level from the lowest traded price.

### 2.6 Stop Limit Order

A stop limit order is a variation of a stop order as described above with a lower (higher) limit price to suspend trading if the price falls (rises) too far before the order is filled restricting trading to a predefined price range.

### 2.7 Algorithmic Order

An Algorithmic Order is an order executed by an automated strategy according to specific parameters or conditions. Algorithmic Orders are intended to minimize the market impact created from placing larger orders or achieving a recognized trading benchmark such as VWAP etc. The orders can also be used to follow a volume participation or in general to achieve a better overall execution. Saxo Bank facilitates a number of different algorithmic order types, specific information about these can be found in the information text on the Saxo Trader.

## 3. Relevant Execution Factors

SCM trades as agent with respect to cash equity trades with clients. SCM via Saxo Bank has access to a number of Smart Order Routers that are able to check multiple different execution venues when trying to execute a cash equity order. Not only does this allow SCM to potentially access better prices, it also gives access to additional liquidity, meaning that there is a greater likelihood of obtaining an execution. The ranking of execution factors for cash equities is:

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

## 4. SCM's selected venue

All orders in Cash Equities are executed on venue via Saxo Bank as an agent.

## 5. Price formation

Client orders will be routed by smart order routers to the electronic order book of different venues. Prices are formed according to rules of the venue.

## 6. List of Main Execution Venues

SCM relies on the selection of execution venues by Saxo Bank. A list of execution venues currently used by Saxo Bank is published on their website and is updated as necessary. Please note that in exceptional circumstances, Saxo Bank may choose to execute at a venue or entity that is not included in the published execution venue list.

## Schedule 4: CFD Equities

### 1. Products in Scope

Purchase and sale of contracts for differences based on individual shares

### 2. Order Types Available

#### 2.1 Market Order

With a market order the client instructs a financial institution or trading counterparty to execute a trade of a certain size as promptly as possible at the prevailing market price. Financial institutions are required to execute market orders without regard to price changes. Therefore, if the market price moves significantly during the time it takes to fill a client's order, the order will most likely be exposed to the risk of execution at a price substantially different from the price when the order was entered.

Certain exchanges do not support market orders. If the client places a market order in these markets, Saxo Bank will automatically translate the order to an aggressive limit order within a certain percentage limit "in the money". It is the client's own responsibility to check if the order is traded in the market after order entry. If the client experiences or suspects any errors with his/her order the client should contact SCM immediately.

Orders may be traded using an algorithm potentially causing slippage from the expected arrival price. This is done by Saxo Bank in an attempt to prevent large market impact and live up to our obligations to keep an orderly market. SCM and Saxo Bank cannot be held responsible for missing fills when using such algorithms to minimize market impact.



## 2.2 Limit Order

With a limit order, the client sets the maximum purchase price, or minimum sale price, at which the trade is to be executed. As a limit order may be entered away from the current market price, it may not be executed immediately. A client that leaves a limit order must be aware that he/she is giving up the certainty of immediate execution in exchange for the expectation of getting an improved price in the future. Limit orders may be routed to an exchange without human intervention.

Where a limit order is placed in a share admitted to trading on a regulated market, Saxo Bank shall not be obliged to publish that limit order if it cannot be immediately executed under prevailing market conditions.

## 2.3 Stop Limit Order

A stop limit order is a variation of a stop order as described above with a lower (higher) limit price to suspend trading if the price falls (rises) too far before the order is filled restricting trading to a predefined price range.

## 2.4 Algorithmic Order

An Algorithmic Order is an order executed by an automated strategy according to specific parameters or conditions. Algorithmic Orders are intended to minimize the market impact created from placing larger orders or achieving a recognized trading benchmark such as VWAP etc. The orders can also be used to follow a volume participation or in general to achieve a better overall execution. Saxo Bank facilitates a number of different algorithmic order types, specific information about these can be found in the information text on the Saxo Trader.

## 3. Relevant Execution Factors

SCM trades as a principal to CFD equity trades with clients. CFD equity orders are handled in the same manner as cash equity orders because our venue Saxo Bank will route its hedge trade against CFD equity orders directly to the market in the same way as it would route a client's cash equity trade. As a result, the ranking of execution factors is the same.

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

## 4. SCM's selected venue

SCM's venue is Saxo Bank. Saxo Bank hedges the CFDs that it enters into with clients using cash equities. Saxo Bank executes these hedges in the same way that it would execute a transaction for that client in the cash equity concerned.

## 5. Price formation

Prices are formed according to rules of the venue.

## Schedule 5: CFD Indices

### 1. Products in Scope

Purchase and sale of contracts for differences based on stock indices

### 2. Order Types Available

#### 2.1 Market Order

With a market order the client instructs a financial institution or trading counterparty to execute a trade of a certain size as promptly as possible at the prevailing market price. Financial institutions are required to execute market orders without regard to price changes. Therefore, if the market price moves significantly during the time it takes to fill a client's order, the order will most likely be exposed to the risk of execution at a price substantially different from the price when the order was entered.

#### 2.2 Limit Order

With a limit order, the client sets the maximum purchase price, or minimum sale price, at which the trade is to be executed. As a limit order may be entered away from the current market price, it may not be executed immediately. A client that leaves a limit order must be aware that he/she is giving up the certainty of immediate execution in exchange for the expectation of getting an improved price in the future. Limit orders may be routed to an exchange without human intervention.

#### 2.3 Immediate or Cancel (IOC)

An immediate or cancel order (IOC) is an order to buy or sell that must be executed immediately, and any portion of the order that cannot be immediately filled is cancelled. An IOC order may fill completely or partially, or it may not fill at all.

#### 2.4 Stop Order

Different from a limit order, a stop order allows selling below the current market price or buying above the current market price if the stop price is reached or breached. A stop order is therefore a "sleeping" market order until the stop price is reached or breached.

#### 2.5 Trailing Stop Order

The trailing stop order is a stop order as described above but the trailing stop price moves according to parameters set by the client. This way the trailing stop can be used to sell if the price drops more than a specified distance from the highest price traded or to buy if the price trades above a set level from the lowest traded price.



## 2.6 Stop Limit Order

A stop limit order is a variation of a stop order as described above with a lower (higher) limit price to suspend trading if the price falls (rises) too far before the order is filled restricting trading to a predefined price range. 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.

## 3. Relevant Execution Factors

SCM trades as a principal to CFD Index trades with clients. CFD Index prices are derived from the relevant underlying index price, taking into account the cost of carry. Saxo Bank provides SCM with calculations of its own cost of carry that factors in future expectations of dividends and interest rates, and this can include both internal and external inputs.

Please see *Section 5.6 Dealing on Quotes* in the main document for more information on trading OTC derivatives and best execution monitoring. For CFD indices the ranking of applicable execution factors is:

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

## 4. SCM's selected venue

All orders in CFD Indices are executed against Saxo Bank's own liquidity.

## 5. Price formation

CFD Index prices are Saxo Bank's proprietary prices, which are derived from the relevant underlying Market.

## 6. Spread Filters

In order to ensure that the client's Stop Orders are not filled at unreliable prices during short termed periods with abnormally wide bid/ask spreads caused by for instance release of key economic figures SCM has implemented spread filters preventing order execution when spreads exceed certain levels. Having the spread filters in place will in general benefit the client, but can in rare instances be in the disfavour of the client.

## Schedule 6: CFD Commodities

### 1. Products in Scope

Purchase and sale of contracts for differences based on commodity futures

### 2. Order Types Available

Given the risks that arise when trading in volatile markets, the client may want to consider using different types of orders to limit risk manage investment strategies.

#### 2.1 Market Order

With a market order the client instructs a financial institution or trading counterparty to execute a trade of a certain size as promptly as possible at the prevailing market price. Financial institutions are required to execute market orders without regard to price changes. Therefore, if the market price moves significantly during the time it takes to fill a client's order, the order will most likely be exposed to the risk of execution at a price substantially different from the price when the order was entered.

Certain exchanges do not support market orders. If the client places a market order in these markets, Saxo Bank will automatically translate the order to an aggressive limit order within a certain percentage limit "in the money".

It is the clients' own responsibility to check if the order is traded in the market after order entry. If the client experiences or suspects any errors with his/her order the client should contact SCM immediately.

Some of Saxo Bank's third party execution brokers may choose to translate market orders on various markets into aggressive limit orders. This is often a result of exchange rules applied to protect clients from "bad fills". SCM and Saxo Bank cannot be held responsible for missing fills due to such translation performed by third party execution brokers.

#### 2.2 Limit Order

With a limit order, the client sets the maximum purchase price, or minimum sale price, at which the trade is to be executed. As a limit order may be entered away from the current market price, it may not be executed immediately. A client that leaves a limit order must be aware that he/she is giving up the certainty of immediate execution in exchange for the expectation of getting an improved price in the future. Limit orders may be routed to an exchange without human intervention.

#### 2.3 Immediate or Cancel (IOC)

An immediate or cancel order (IOC) is an order to buy or sell that must be executed immediately, and any portion of the order that cannot be immediately filled is cancelled. An IOC order may fill completely or partially, or it may not fill at all.

#### 2.4 Stop Order

Different from a limit order, a stop order allows selling below the current market price or buying above the current market price if the stop price is reached or breached. A stop order is therefore a "sleeping" order until the stop price is reached or breached.

## 2.5 Trailing Stop Order

The trailing stop order is a stop order as described above but the trailing stop price moves according to parameters set by the client. This way the trailing stop can be used to sell if the price drops more than a specified distance from the highest price traded or to buy if the price trades above a set level from the lowest traded price.

## 2.6 Stop Limit Order

A stop limit order is a variation of a stop order as described above with a lower (higher) limit price to suspend trading if the price falls (rises) too far before the order is filled restricting trading to a predefined price range.

## 3. Relevant Execution Factors

SCM trades as principal to CFD commodity trades with clients. CFD Commodity prices are Saxo Bank's proprietary prices, which are derived from the relevant underlying instrument price, taking into account the cost of carry and liquidity which is calculated by Saxo Bank and includes both internal and external input. Please see *Section 5.6 Dealing on Quotes* in the main document for more information on trading OTC derivatives and best execution monitoring.

For CFD Commodities, the ranking of execution factors is:

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

## 4. SCM's selected venue

All orders in CFD Commodities are executed against Saxo Bank's own liquidity.

## 5. Price formation

The price of CFD Commodities is a proprietary price derived by Saxo Bank and will generally track that of the relevant underlying exchange traded market.

## 6. Spread Filters

In order to ensure that the client's Stop Orders are not filled at unreliable prices during short termed periods with abnormally wide bid/ask spreads caused by for instance release of key economic figures SCM has implemented spread filters preventing order execution when spreads exceed certain levels. Having the spread filters in place will in general benefit the client, but can in rare instances be in the disfavour of the client.

## Schedule 7: Futures

### 1. Products in Scope

Purchase and sale of Futures for speculative purposes.

### 2. Not in Scope:

SCM does not support physical delivery of the underlying security on expiry of futures.

Clients should therefore take note of the expiry and first notice dates (FND) of any futures in which they have positions and ensure they are closed before the appropriate day, as described below.

If the FND is before the expiry date, positions need to be closed the day before the FND. If the expiry date is before the FND positions need to be closed no later than on the expiry date.

If futures positions are not closed before the relevant date, SCM will close the position on the client's behalf at the first available opportunity at the prevailing market rate. Any resulting costs, gains or losses will be passed on to the client.

### 3. Order Types Available

#### 3.1 Market Order

With a market order the client instructs a financial institution or trading counterparty to execute a trade of a certain size as promptly as possible at the prevailing market price. Financial institutions are required to execute market orders without regard to price changes. Therefore, if the market price moves significantly during the time it takes to fill a client's order, the order will most likely be exposed to the risk of execution at a price substantially different from the price when the order was entered.

Orders may be traded using an algorithm potentially causing slippage from the expected arrival price. This is done by Saxo Bank in an attempt to prevent large market impact and live up to our obligations to keep an orderly market. SCM and Saxo Bank cannot be held responsible for missing fills when using such algorithms to minimize market impact.

#### 3.2 Limit Order

With a limit order, the client sets the maximum purchase price, or minimum sale price, at which the trade is to be executed. As a limit order may be entered away from the current market price, it may not be executed immediately. A client that leaves a limit order must be aware that he/she is giving up the certainty of immediate execution in exchange for the expectation of getting an improved price in the future.

Limit orders may be routed to an exchange without human intervention. Where a limit order is placed in a share admitted to trading on a regulated market, Saxo Bank shall not be obliged to publish that limit order if it cannot be immediately executed under prevailing market conditions.

### 3.3 Stop Order

Different from a limit order, a stop order allows selling below the current market price or buying above the current market price if the stop price is reached or breached. A stop can be used to sell if the price drops more than a specified distance from the highest price traded or to buy if the price trades above a set level from the lowest traded price.

### 3.4 Stop Limit Order

A stop limit order is a variation of a stop order as described above with a lower (higher) limit price to suspend trading if the price falls (rises) too far before the order is filled restricting trading to a predefined price range.

### 3.5 Trailing Stop Order

The trailing stop order is a stop order as described above but the trailing stop price moves according to parameters set by the client. This way the trailing stop can be used to sell if the price drops more than a specified distance from the highest price traded or to buy if the price trades above a set level from the lowest traded price.

### 3.6 Algorithmic Order

An Algorithmic Order is an order executed by an automated strategy according to specific parameters or conditions. Algorithmic Orders are intended to minimize the market impact created from placing larger orders or achieving a recognized trading benchmark such as VWAP etc. The orders can also be used to follow a volume participation or in general to achieve a better overall execution. Saxo Bank facilitates a number of different algorithmic order types, specific information about these can be found in the information text on the Saxo Bank Trader.

## 4. Relevant Execution Factors

SCM trades as principal with respect to futures trades with clients. Exchange traded futures are not fungible and are traded on a centrally regulated venue therefore the liquidity is on those venues. For futures, the ranking of the applicable execution factors is:

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

## 5. SCM's selected venue

SCM uses Saxo Bank A/S as executing broker to access underlying markets. Saxo Bank offers Direct Market Access (DMA) to the Futures Exchanges.

## 6. Price Formation

Client orders will be routed to the electronic book of the relevant exchange. Price formation will be according to the rules of the exchange.

## 7. List of Main Execution Venues

SCM relies on the selection of execution venues by Saxo Bank. A list of execution venues currently used by Saxo Bank is published on their website and is updated as necessary. Please note that in exceptional circumstances, Saxo Bank may choose to execute at a venue or entity that is not included in the published execution venue list.

## Schedule 8: Listed Options

### 1. Products in Scope

Purchase and sale of Exchange Traded Options for speculative and hedging purposes

### 2. Order Types Available:

#### 2.1 Limit Order

With a limit order, the client sets the maximum purchase price, or minimum sale price, at which the trade is to be executed. As a limit order may be entered away from the current market price, it may not be executed immediately. A client that leaves a limit order must be aware that he/she is giving up the certainty of immediate execution in exchange for the expectation of getting an improved price in the future. Limit orders may be routed to an exchange without human intervention.

Where a limit order is placed in a share admitted to trading on a regulated market, Saxo Bank shall not be obliged to publish that limit order if it cannot be immediately executed under prevailing market conditions.

### 3. Relevant Execution Factors

SCM trades as principal with respect to listed options trades with clients. Exchange traded options are traded on a centrally regulated venue therefore the concentration of the liquidity is on those venues. For listed options, the ranking of the applicable execution factors is:

1. Price
  2. Expected impact of execution
  3. Likelihood of execution and settlement
  4. Costs
  5. Speed
  6. Other factors
- 4. SCM's selected venue**  
SCM offers Direct Market Access (DMA) to Exchange Traded Options via Saxo Bank.
- 5. Price Formation**  
Client orders will be routed to the electronic order book of the relevant exchange. Price formation will be according to the rules of the exchange.
- 6. List of Main Execution Venues**  
SCM relies on the selection of execution venues by Saxo Bank. A list of execution venues currently used by Saxo Bank is published on their website and is updated as necessary. Please note that in exceptional circumstances, Saxo Bank may choose to execute at a venue or entity that is not included in the published execution venue list.

## Schedule 9: Rolling Foreign Exchange Spot

- 1. Products in Scope**  
Purchase and sale of rolling foreign exchange spot contracts.
- 2. Products Not in Scope**  
Spot foreign exchange transactions undertaken with the intention of converting money from one currency to another – including transactions undertaken to facilitate settlement of other transactions.  
  
Transactions undertaken to roll forward the value date of a client position which do not result in a change to the client's FX market exposure.
- 3. Order Types Available**
  - 3.1 Immediate or Cancel (IOC) Market Order**  
An Immediate or Cancel (IOC) Market order is similar to a standard Market order (described below). It is an instruction to trade immediately on the best available terms. However, Saxo Bank will not continue to work the order if it is unable to fill it immediately within three seconds.  
  
Although Saxo Bank will take all sufficient steps to obtain the best terms available at the time, in illiquid market conditions the best available terms may be substantially worse than the previous (or even the next) price. A Market IOC order is for immediate execution. Saxo Bank will not delay execution in the hope that market conditions will improve.  
  
Saxo Bank monitors the prices available to it at its selected external venues. If Saxo Bank believes it is able to execute a Market IOC order immediately from its own liquidity then it will do so. Otherwise it will route the order to a third party to attempt execution. Where an order has not been filled after three seconds then the order will be cancelled.  
  
Clients should note that they cannot cancel IOC orders after submission.  
  
Unless the client has given a specific instruction, a market order will be converted to an aggressive limit order, or to a request to trade on a previously quoted price, if it is routed to an external venue. This will give the client some protection from a bad fill. However, it also introduces a risk that the order will not be filled if the market moves sharply.
  - 3.2 Market Order**  
A Market Order is a traditional 'at best' instruction to trade as much of the order as possible on the best available terms in the market. A Market order will normally be filled immediately (or failing that in a relatively short time). Saxo Bank will take all sufficient steps to identify the best terms immediately available for a transaction of that size and will transact on those terms. Financial institutions are required to execute Market orders as soon as reasonably possible without regard to price changes. Therefore, although Saxo Bank will seek to obtain the best terms immediately available, if the market price moves significantly during the time it takes to fill the client's order or if only limited liquidity is available at the best price, the order will be exposed to the risk of execution at a price which could be substantially different from the price when the order was entered.  
  
A Market Order will be treated as good for the day. If Saxo Bank believes it is able to execute a Market order immediately from its own liquidity then it will do so. Otherwise it will route the order to a third party to attempt execution. If the order cannot be filled in full immediately, Saxo Bank will continue to work the order until the official close of the relevant market.  
  
Unless the client has given a specific instruction, a market order will be converted to an aggressive limit order if it is routed to an external venue. This will give the client some protection from a bad fill. However, it also introduces a risk that the order will not be filled if the market moves sharply.

### 3.3 Immediate or Cancel (IOC) Limit Order

A Limit IOC order is an order to trade at the price the client sees on his screen if it is still available subject to a defined tolerance (see below).

When Saxo Bank receives a Limit IOC order, it will treat it in a similar way to a Market IOC order (see above) except that it will only fill the order if it is possible at the client's specified limit price, or better. For internally routed orders, if this is not immediately possible then the order (or any unexecuted part thereof) will be cancelled.

When placing a Limit IOC order, a client may specify a tolerance. Tolerance can be specified either as a fixed price increment or as a percentage of the current market price. If the client specifies a tolerance, Saxo Bank may fill the order at a worse price than the client had seen on the screen, provided the price difference does not exceed the client's specified tolerance.

If a better price is available, Saxo Bank will give the client the full benefit of the available improvement by filling the client order at the better price no matter how much better it is.

As with a Market IOC order, if Saxo Bank is unable to supply sufficient liquidity from its own book, it may route the order externally. The order will be cancelled after three seconds, if not filled in full.

Clients should note that they cannot cancel IOC orders after submission.

### 3.4 Limit Order

A Limit order is an order to trade at a specified price or better if it is possible to do so within a specified time. The following order durations are available:

- a. Day Order (DO): Valid until the official close of trading on the day the order is placed (or on the subsequent business day for orders accepted during the weekend).
- b. Good Till Date (GTD): Valid until the official close of trading on a date of the client's choice.
- c. Good Till Cancelled (GTC): Valid indefinitely unless or until specifically cancelled by the client. Where an order is attached to an open position, it will automatically be cancelled if the position is closed.

When Saxo Bank executes a Limit order, the client will have specified the price at which he wishes to trade. Saxo Bank will seek to achieve execution at this price as soon as reasonably possible. Saxo Bank will seek to improve upon the price that the client has specified but not if this may cause a delay to the execution of the order.

A Limit order to sell will be triggered when the bid price observed on one of Saxo Bank's main execution venues, plus any client-specific Mark Up, reaches the specified price level.

When a Limit order is triggered, if Saxo Bank is able to execute the order immediately from its own liquidity then it will do so. Otherwise it will route the order to a third party to attempt execution. At any time when there is not enough liquidity available from Saxo Bank's own book or externally, to fill the order in full at the specified price or better, the remaining order will revert to a 'resting order', waiting for it to possibly be triggered again.

### 3.5 Stop Order

A Stop order is usually used to close a position when the market is going against it with a view to prevent further losses. It may also be used to open a position when the market moves through a chosen level. A Stop order may have duration similar to a Limit order. These are described in the section on Limit orders above.

A Stop order to sell will be triggered when the offer price observed on a primary inter-bank execution venue plus any client-specific Mark Up, reaches the specified price level. Once triggered, the order will be treated as a Market order.

A Stop order to buy will be triggered when the bid price observed on a primary inter-bank execution venue, minus any client-specific Mark Up, reaches the specified price level. Once triggered, the order will be treated as a Market order.

This arrangement is designed to protect clients from the risk that their Stop order is triggered as a result of spreads widening without the market actually moving. This can happen around the release of economic statistics or at times of reduced liquidity such as during a value date roll or during the close and opening of the market.

Clients should note, however, that this means a Stop order will never be executed at their specified level but always at a price that is worse for the client (typically the spread away from the client's stop level).

The trigger level for a Stop order can be specified to trail the market. In this case, when the market moves in the client's favour, the trigger level for the order moves the same way.

The trigger level for a trailing stop moves in steps which are defined when the order is placed.

When a Stop order is triggered it will be executed at the first possible opportunity on the best terms immediately available in the market. This means that the client is exposed to the risk of a worse fill in gapping or illiquid markets.

### 3.6 Stop Limit Order

A Stop Limit order rests in the same way as a Stop order. However, once triggered, rather than execute at the next available price it converts to a Limit order at a pre-agreed Limit price. From that point on, the order is treated as a Limit order.

This type of order gives the client some protection from a bad fill in a gapping or illiquid market. However, that protection comes at a cost. In some circumstances the order may not be executed at all.

Trailing Stop Limit orders are not available.

#### 4. Relevant Execution Factors

Except for Limit orders, SCM via Saxo Bank will place the highest priority on total consideration (the combination of price and costs associated with dealing).

For Limit orders, where the client has stipulated a price that is not immediately available in the market, SCM via Saxo Bank will place the highest priority on execution at the client's specified price at the first possible opportunity. This means that SCM via Saxo Bank will prioritise speed and certainty of execution.

#### 5. SCM's selected venue

SCM uses Saxo Bank as their executing broker. For FX Spot and FX Forward, Saxo Bank retains discretion as to how to execute orders on a trade-by-trade basis and/or on a client-by-client basis, either as principal through liquidity provided from its internal flow aggregation book, or as agent when routing particular orders directly to one of Saxo Bank's execution venues

Saxo Bank will normally provide liquidity from its internal flow aggregation book. SCM and Saxo Bank believes this provides the best outcome for clients because:

- a. Saxo Bank's internal flow aggregation model allows it to execute larger trades in the underlying market at lower costs associated with dealing, that would not be available for the smaller trades usually undertaken by its clients.
- b. Its continuous two-way order flow means that it usually able to use a single (mid-market) price to which it adds its spread. In less liquid market conditions, it may quote a two-way price. However, its mid-price before applying any client-specific Mark Up is always within the best bid and offer prices available to it in the underlying market.
- c. The foreign exchange spot market is characterised by rapid price movements relative to the costs of dealing. Providing liquidity from its own book allows it to avoid the delays that would arise in routing trades to the underlying market.

In limited circumstances, where Saxo Bank believe it is necessary to do so to enhance the experience of the majority of its clients, it may route particular orders directly to third party execution venues.

#### 6. Price formation

SCM monitors the prices available to it in the wider market. Its price for foreign exchange spot transactions is formed from these prices (including any associated costs that it is able to allocate on a trade-by-trade basis).

SCM's price is normally a single price valid for buying or selling, to which its charges are added. Depending on its risk appetite and proprietary interests, SCM may set its single price anywhere between the best price at which it is able to sell the relevant currency pair and the best price at which it is able to buy it.

Saxo Bank's capacity to provide liquidity in any given currency pair is subject to its internal exposure limits. If a particular order would cause it to breach those limits, Saxo Bank may suspend dealing on its price until it is able to reduce its exposure.

#### 7. Reload Period

Saxo Bank monitors the internal and/or external liquidity available in a given currency pair and handles orders that have the potential to have sizeable market impact with particular care and attention. The reload period accumulates the notional amount traded for 5 seconds after the last trade is executed in a given currency pair. During the reload period, Saxo Bank reduce the liquidity available in a given currency pair by the accumulated notional amount traded. This typically results in wider spreads as the price for a next order amount will be based not only on the size of that order alone, but also on the accumulated notional amount previously executed. If Saxo Bank believes it is able to execute an order immediately from its own liquidity then it will do so, otherwise it will route the order to a third party to attempt execution. After 5 seconds with no trading activity, the full liquidity available in a given currency pair will be reloaded. The reload period is client specific, meaning, that the trading activity of one client, does not affect the liquidity available in a given currency pair to another client.

#### 8. SCM's Charges

SCM's charges may include the following, some of which may be included in the net price at which the client trades:

##### 8.1 Price Mark

SCM's final transaction price may be inclusive of Mark Up that may impact the execution of any order linked to or triggered at a specified price level. This Mark Up will not form part of the price for best execution comparison purposes.

##### 8.2 Spread:

The difference between the bid (sell) price and the offer (buy) price. Spread is dependent on many different factors, including but not limited to, the underlying liquidity and volatility, time of day and notional trade size.

##### 8.3 Commission:

The fee charged for the service of carrying out the transaction, subject to a minimum fee on small notional trade sizes.

##### 8.4 Financing Adjustments:

Where a client holds a position in a rolling spot contract open overnight, SCM will make a cash adjustment to reflect the financing implications of the position. This is based on the interest rates of the currencies in question. Generally, if the client is long the currency with the lower interest rate, this adjustment will be a cost to the client. If the client is long the currency with the higher interest rate, it may be in the client's favour. There is a charge element in the interest rates SCM uses to calculate these financing adjustments.

#### 9. Fixing Orders

From time to time Saxo Bank may execute a transaction at a rate calculated by a third-party based on trading during a specified time of day (commonly referred to as the "Fixing Window") or at a price determined at a specified time (commonly referred to as a "Reference Time"). Risk management related to such transactions and other transactions conducted in the ordinary course of

business may lead Saxo Bank to execute hedging transactions before, during or after the Fixing Window or Reference Time. Saxo Bank seeks to conduct such hedging activities consistent with all applicable legal and regulatory requirements, although those hedging activities, as well as unrelated transactions and other ordinary course of business activities executed by Saxo Bank prior to and during the Fixing Window or Reference Time, or at other times, may have an impact in some cases on the benchmark fixing or related markets.

#### 10. Direct Market Access

Clients may ask SCM to provide them with direct access to the market. SCM will treat this as a Specific Instruction from the client and will accordingly consider whether it is able to do this and on what terms.

Where SCM provides clients with direct market access, Saxo Bank will select one or more execution venues that it believes will provide the best outcomes for that client's transactions. This may be a different selection of venues than it otherwise uses for execution of similar transactions or for its own hedging purposes. This may result in a different outcome for the client's transactions.

#### 11. Market Making and Risk Management

Market making and risk management activities may impact the prices communicated to the client for a transaction and the availability of liquidity at levels necessary to execute your orders. These activities may also trigger or prevent triggering of resting orders, barrier options, vanilla option exercise and similar terms or conditions. Saxo Bank retains discretion as to how to satisfy competing interests, including with respect to order execution, fill quantity, aggregation, priority and pricing.

#### 12. Last Look

Saxo Bank utilises two types of liquidity; order driven liquidity for Rolling FX Spot and FX Forward, and quote driven liquidity for FX Options.

Quote driven liquidity gives Saxo Bank the ability to see the order and choose to fill or reject the order, before execution. Saxo Bank employs a symmetric price check to determine if trade requests are made at prices that are within Saxo Bank's price tolerance for execution. This control will be applied immediately upon receipt of a trade request. In each case, the current price is compared to the trade request price. If the current price has not moved in either direction from the trade request price by more than a defined tolerance, and other pre-trade controls are passed, Saxo Bank will accept the trade request. If the current price differs from the trade request price by more than a defined tolerance, Saxo Bank will reject the trade request. Other factors such as technical and pricing errors may also cause trade requests to be rejected by last look. The primary purpose of last look is to protect against trading on prices that do not reflect the current market, and against certain trading behaviour.

For order driven liquidity where Saxo Bank may route the order externally to a third party to attempt execution, a form of last look may be applied by other liquidity providers that may result in the order being filled completely or partially, or it may not fill at all.

The receipt of a trade request as well as any information associated with a trade request does not influence any pricing or hedging activity undertaken by Saxo Bank prior to the acceptance of the trade request. If a trade request is rejected, whether as a result of Last Look or otherwise, no information associated with the trade request is used to influence any pricing or hedging activity subsequently undertaken by Saxo Bank.

#### 13. List of Main Execution Venues

SCM relies on the selection of execution venues by Saxo Bank. A list of execution venues currently used by Saxo Bank is published on their website and is updated as necessary. Please note that in exceptional circumstances, Saxo Bank may choose to execute at a venue or entity that is not included in the published execution venue list.

## Schedule 10: Foreign Exchange Forward

### 1. Products in Scope

Purchase and sale of foreign exchange forward contracts

### 2. Not in Scope:

Foreign exchange transactions undertaken with the intention of converting money from one currency to another, including transactions undertaken to facilitate settlement of other transactions.

### 3. Order Types Available

#### 3.1 Immediate or Cancel (IOC) Market Order

See Foreign Exchange Spot for details.

#### 3.2 Immediate or Cancel (IOC) Limit Order

See Foreign Exchange Spot for details.

### 4. Relevant Execution Factors

SCM will place the highest priority on total consideration – being the combination of price and costs associated with dealing.



**5. SCM's selected venues**

Foreign exchange forward prices are based on the spot price for the relevant currency pair and a spot/forward swap price. When SCM executes an order for a client in relation to foreign exchange forward, the spot component will be executed in the same way that Saxo Bank would execute a spot order for that client.

For the forward swap element, Saxo Bank provides liquidity from its internal flow aggregation book. This allows Saxo Bank to aggregate risks and undertake consolidated hedging trades in the underlying market at lower costs associated with dealing, that would not be available for the smaller trade sizes usually undertaken by its clients. Saxo Bank is able to pass this benefit on to its clients.

**6. Price Formation**

The spot component of a foreign exchange forward contract is priced in the same way that Saxo Bank would price a foreign exchange spot contract for that client.

The forward swap component of the price is calculated from the spot price (as above) and the differential between the interest rates for the two currencies for the relevant forward value date.

Saxo Bank's interest rates for US Dollars are based on interbank rates. For other currencies, Saxo Bank's interest rates are implied from the US Dollar rates and the forward swap rates available to Saxo Bank from its hedging counterparties.

Where there is no published interest rate for the specified date, Saxo Bank will calculate a rate by interpolation between the available dates on either side.

Saxo Bank creates a single mid-market price for the forward swap for the client's chosen dates.

The spread Saxo Bank adds to this mid-point varies depending upon the spot rate, the interest rates applying to the currencies concerned, and the time to maturity. Saxo Bank will disclose the total spread for each transaction before the client trades.

**7. SCM's Charges**

See Foreign Exchange Spot for details of charges that may apply to foreign exchange trades.

**8. Market Making and Risk Management**

See Foreign Exchange Spot for details.

**9. Last Look**

See Foreign Exchange Spot for details.

**10. List of Main Execution Venues**

SCM relies on the selection of execution venues by Saxo Bank. A list of execution venues currently used by Saxo Bank is published on their website and is updated as necessary. Please note that in exceptional circumstances, Saxo Bank may choose to execute at a venue or entity that is not included in the published execution venue list.

## Schedule 11: Foreign Exchange Options

**1. Products in Scope**

Foreign Exchange Vanilla, Barrier and Binary Touch Options

**2. Products Not in Scope:**

All foreign exchange options are in-scope.

**3. Order Types Available****3.1 Dealing on Quotes**

SCM will provide prices for foreign exchange options to clients on request. These prices will be calculated to meet its obligation to provide the client with the best possible outcome on his transaction in terms of total consideration.

If a client wishes to trade, he may elect to do so at the price SCM has quoted. Acceptance of the trade is subject to filters based on time elapsed and/or price movements in the underlying market since the price was quoted.

**4. Relevant Execution Factors**

SCM will place the highest priority on total consideration – being the combination of price and costs associated with dealing. Saxo Bank will also prioritise speed and certainty of execution and the ability to trade in retail sizes.

The underlying market for foreign currency options is the 'inter-bank market'. Transactions undertaken in this market are normally of a wholesale size. It is not normally practical to undertake individual smaller transactions.

**5. SCM's Selected Venue(s)**

Option prices are based on a number of factors, the most significant of which are the spot price of the underlying and the 'implied volatility' of the relevant currency pair.

For the implied volatility Saxo Bank trades as principal through liquidity provided from its internal flow aggregation book. This allows it to aggregate risks and undertake consolidated hedging trades in the underlying market at lower costs associated with dealing, that would not be available for the smaller trade sizes usually undertaken by its clients. Saxo Bank is able to pass on this benefit to its clients.

#### **6. Price Formation**

Saxo Bank uses the Black Scholes pricing model to price options from its own liquidity. This model generates a single mid-market price based on spot prices, interest rates and 'implied volatilities' for the currencies concerned.

Saxo Bank constantly review its prices against prices available to it in the inter-bank market to ensure that its mid points are within the best bid and offer prices available to it.

Saxo Bank's premium for any given option is derived from three factors which it internally treats as separate markets. Saxo Bank's net spread for an option trade is derived from the spread it quotes on each component. The net spread on any particular option transaction will be disclosed before the client trades. Spreads will normally be wider for longer dated options than for shorter dated ones; and wider for closer to the money options than for deeper in or out of the money ones.

#### **7. SCM's Charges**

Saxo Bank's charges may include the following, some of which may be included in the net price at which the client trades:

##### **7.1 Spread**

The difference between the bid (sell) price and the offer (buy) price. Spread is dependent on many different factors, including but not limited to, the underlying liquidity and volatility, time of day and notional trade size.

##### **7.2 Commission**

The fee charged for the service of carrying out the transaction, subject to a minimum fee on small notional trade sizes.

#### **8. Market Making and Risk Management**

See Foreign Exchange Spot for details.

#### **9. Last Look**

See Foreign Exchange Spot for details.

#### **10 List of Main Execution Venues**

SCM relies on the selection of execution venues by Saxo Bank. A list of execution venues currently used by Saxo Bank is published on their website and is updated as necessary. Please note that in exceptional circumstances, Saxo Bank may choose to execute at a venue or entity that is not included in the published execution venue list.

## Main Execution Venues

SCM relies on the selection of execution venues by Saxo Bank. A list of execution venues currently used by Saxo Bank at the time of publication of this Policy is below. This list is also published on their website and updated as necessary. Please note that in exceptional circumstances, Saxo Bank may choose to execute at a venue or entity that is not included in the published execution venue list.

### 1. Bonds

Online Venues and Liquidity Providers			
Tradeweb MTF - RFQ Model (see some member liquidity providers below)			
ABN AMRO	Credit Suisse	Millennium Europe	Santander
ANZ Banking Group	Daiwa Capital Markets	Mitsubishi	Societe Generale
Banca IMI	Deutsche Bank	Morgan Stanley	Standard Chartered Bank
Bank of America/Merrill Lynch	DZ Bank	MPS Capital	Toronto Dominion Bank
Barclays Bank	Goldman Sachs	Natixis	UBS
BBVA	HSBC Bank	Nomura	Unicredit
BNP Paribas	ING Bank	Oddo	Wells Fargo
Citigroup	Jefferies International	Rabobank	
Commerzbank	JP Morgan	Royal Bank of Canada	
Credit Agricole	Lloyds Bank	Royal Bank of Scotland	

DMA to Regulated Markets			
Euronext	NASDAQ OMX Copenhagen		

Offline - Hedging Liquidity Providers *in addition to all above mentioned liquidity providers			
Arctic Securities	Jyske Bank	NIBC Markets	Tradition
Danske Bank	Market Axess	Pershing	VTB Capital
DNB Bank	Nedbank	SEB Bank	Zurich Cantonal bank

### 2. Equity & Equity-like

Cash Equities, ETDs, ETC, ETNs – Venues to which Saxo Bank has access via Executing Brokers		
AMERICAS	EUROPE	ASIA-PACIFIC
America Stock Exchange	Athens Stock Exchange	ASX – Center Point
NASDAQ	Bolsa de Madrid	Australian Stock Exchange
New York Stock Exchange	Borsa Italiana	Hong Kong Exchange and Clearing
Toronto Stock Exchange	Budapest Stock Exchange	Singapore Exchange
New York Stock Exchange ARCA	Deutsche Borse, Xetra	Tokyo Stock Exchange
OTC Bulletin Board	Euronext Amsterdam	Chi-X Australia
AQUA	Euronext Brussels	Chi-X Japan
BAML Instinct X (MLXN)	Euronext Lisbon	SBI Japannext
Barclays LX	Euronext Paris	ASX Centre Point
BIDS Trading	Irish Stock Exchange	BNP BIX
BNY Millennium	Johannesburg Stock Exchange	BofAML MLXN
CITI CROSS	London Stock Exchange	Citibank
CS CrossFinder	Nasdaq OMX Copenhagen	CLSA Dark Pool
CS Light Pool	Nasdaq OMX Helsinki	Commonwealth Bank of Australia
SB SuperX ATS	Nasdaq OMX Stockholm	Credit Suisse Cross Finder
Fidelity Cross-Stream	Oslo Bors	Deutsche Bank SuperX

AMERICAS	EUROPE	ASIA-PACIFIC
GS Sigma X	Prague Stock Exchange	GS Sigma-X
Instinet CBX	Swiss Exchange	Instinet BLX Australia
Instinet Crossing	Warsaw Stock Exchange	Instinet CBX Hong Kong
ITG POSIT	Weiner Borse	Instinet Hong Kong VWAP Cross
JP Morgan Cross	Aquis Exchange	Instinet Nighthawk VWAP
KCG MatchIt	BXE Lit (Bats Europe)	ITG Posit
Level ATS	CXE Lit (Bats Europe)	JP Morgan JPMX
Morgan Stanley MSPool	Equiduct	Macquarie XEN
CODA Markets	Turquoise	Morgan Stanley MSool
SSGM/Pulse BlackCross	BXE Dark (Bats Europe)	Nomura NX
UBS ATS	CXE Dark (Bats Europe)	Nomura NX Pro
Aequitas Lit Book	CitiMatch	Tora Crosspoint
Aequitas NEO Book	CS CrossFinder	
Canadian Securities Exchange (CSE)	Deutsche Bank SuperX	
Nasdaq CX2	GS Sigma X MTF	
Nasdaq CXC	Instinet BlockMatch	
Omega – Lynx ATS	ITG Posit	
Omega ATS	Liquidnet Europe	
TSX Alpha Exchange	Nordic@Mid	
TSX Venture	SmartPool	
Instinet Canada Cross (ICX)	Swiss At Mid	
Liquidnet Canada	Turquoise Plato	
Match Now	UBS MTF	
IEX	Xetra MidPoint	
Sigma X2	JPM – X	
	MS Pool	
	Chi-X Dark	
	Turquoise Plato BDS	
	Bats Lis	
	Chi-X	
	Bats	
	Bats Periodic Auction Book (auction)	
	Liquidnet H20	
	NASDAQ Auction on Demand (auction)	
	Turquoise Dark Continuous	
	Turquoise Dark Periodic (conditional)	

### 3. Futures

AMERICAS	EUROPE	ASIA-PACIFIC
COMEX	ICE-EUROPE	SGX
NYMEX	EEX	OSAKA
CME	EUREX	HKEK
CBOT	EURONEXT	TSE
CBOE	OMX NORDIC	SGE
MONTRAL	MEFF	
ICE-US	IDEM	

## 4. Options

AMERICAS	EUROPE	ASIA-PACIFIC
COMEX	ICE-EUROPE	SGX
NYMEX	EUREX	OSAKA
CME	EURONEXT	HKEX
CBOT	MEFF	ASK
CBOE	IDEM	
ICE-US	OSLO BORIS	
OCC	OMX	

## 5. Foreign Exchange

Rolling FX Spot		
Saxo Bank's Prime Brokers		
Citibank	Deutsche Bank	Royal Bank of Scotland

Liquidity Providers to which Saxo Bank has direct access			
Bank of Tokyo Mitsubishi UFJ	Citibank	JPMorgan Chase	Standard Chartered
Barclays Bank	Commerzbank	Jump Trading	State Street
BNP Paribas	Credit Suisse	Morgan Stanley	UBS
CCM Alpha Fund	Deutsche Bank	Nomura	Virtu
ANZ	Goldman Sachs	Royal Bank of Scotland	XTX Markets
Citadel	HSBC	SolidFX	Bank of America Merrill Lynch

Venues to which Saxo Bank has access via Prime Brokers			
Primary inter-bank execution venues			
EBS	Reuters		

Secondary inter-bank execution venues			
Currenex	Fastmatch	Hotspot	Spotex

## 6. FX Forwards

Saxo Bank's Prime Brokers			
Citibank	Deutsche Bank	Royal Bank of Scotland	

Liquidity Providers to which Saxo Bank has direct access			
Bank of America	Citibank	JPMorgan Chase	UBS
Barclays Bank	Deutsche Bank	Natixis	
BNP Paribas	Goldman Sachs	Societe Generale	

## 7. FX Options

Saxo Bank's Prime Brokers			
Citibank	Deutsche Bank	Royal Bank of Scotland	

<b>Liquidity Providers to which Saxo Bank has direct access</b>			
Bank of America	Credit Suisse	JJPMorgan Chase	UBS
Barclays Bank	Deutsche Bank	Natixis	
BNP Paribas	Goldman Sachs	Royal Bank of Scotland	
Citibank	HSBC	Societe Generale	
ANZ	Citadel	SolidFX	

<b>Brokers to which Saxo Bank has access via Prime Brokers</b>			
BGC	GFI	TP ICAP	Tradition



# SAXO CAPITAL MARKETS (AUSTRALIA) PTY LTD

This policy is effective from September 2018 and shall remain effective until a more recent version is released. The prevailing version of this policy is always available at [www.home.saxo/en-au](http://www.home.saxo/en-au).

Saxo Capital Markets (Australia) Pty Ltd. / ABN 32 110 128 286 / AFSL No. 280372 / Level 25, 2 Park Street, Sydney, NSW, 2000  
Telephone +61 2 8267 9000 | Fax +61 2 8267 9050 | Web [www.home.saxo/en-au](http://www.home.saxo/en-au) | Email [enquiries@saxomarkets.com.au](mailto:enquiries@saxomarkets.com.au)

