

## Introduction

This disclosure statement forms part of our **Terms of Business**, as referred to in the applicable **Customer Agreement**. Therefore, by agreeing to the terms of the applicable Customer Agreement you are also providing consent to the terms of our Order Execution Policy, as summarised in this document.

**Capitalised** terminology in this document is as defined herein or otherwise as in the applicable Customer Agreement between you and IG.

IG Index Limited, IG Markets Limited and IG Trading and Investments Limited ('IG', 'we', 'our' or 'us') is committed to treating our clients ('you', 'your', or 'yours') fairly, transacting with you in a professional and transparent manner, and to act honestly and in your best interests when executing your orders.

In relation to order execution we have a duty to provide you with **'best execution'**. Best execution means that we must take all sufficient steps to obtain the best possible result for you when executing an order with you or on your behalf, taking into account various **'execution criteria'**.

This document provides a summary of our Order Execution Policy which applies to IG's execution of orders in all types of financial instruments on behalf of retail and professional clients. It applies from June 2024.

## Order Execution Policy

### ORDER HANDLING AND TRADING DETAILS FOR EXECUTION ONLY SERVICES

Information regarding how we handle orders can be found within the Customer Agreement

- CFD and Spread betting agreement Clause 12
- Share Dealing agreement Clauses 4, 6 and 9
- Smart Portfolio agreement Clauses 4, 6, and 8
- US Options and Futures agreement Clauses 4, 6, 7, 8 and 9

Full details of the trading conditions for types of spread bets, CFDs and products available through Share Dealing, Smart Portfolio and US Options and Futures accounts are available through the Help and Support 'Products, Markets and Trading Hours' section on our website.

A summary of this information for each Market we offer can also be accessed through our Trading Platforms.

### HOW DO WE COMPLY WITH OUR DUTY TO GIVE YOU BEST EXECUTION?

In this document, and in our Client Agreements, IG groups orders into two categories – **Contracts** and **Transactions**. When we enter into a Spread bet, or a CFD with you we refer to this as a 'Contract'. When we either buy or sell an instrument on your behalf through our execution only Share Dealing or managed Smart Portfolio accounts, or arrange for execution of your orders for exchange-traded instruments through our US Options and Futures accounts, we refer to this as a 'Transaction'.

When we enter into Contracts with you, or execute Transactions on your behalf, we will take all sufficient steps to achieve the best possible result for you by executing those Contracts or Transactions according to our order execution policy and subject to any specific instructions received from you. Our order execution policy comprises a set of procedures that are designed to obtain the best possible execution result for you subject to and taking into account:

- (a) the nature of your Contracts or Transactions;
- (b) the priorities you have identified to us in relation to entering into those Contracts or Transactions, and
- (c) the practices relating to the market in question, with the aim of producing a result which provides, in our view, the best balance across a range of sometimes conflicting factors which are outlined in the next section.

### SCOPE OF APPLICATION & LEGITIMATE RELIANCE

This policy applies to IG's execution of orders in all types of **Financial Instruments** on behalf of its **Retail** and **Professional** clients who we assess place legitimate reliance on IG to protect their interests in relation to the execution of a Transaction.

#### RETAIL CLIENTS

Where IG has categorised you as a Retail client in accordance with the meaning given to this term in the **Financial Conduct Authority ('FCA')** rules, we will always assume that you place legitimate reliance on IG in the case of your orders in scope of this policy, and that the Best Execution obligation applies to these orders unless we specifically inform you otherwise in writing.

#### PROFESSIONAL CLIENTS

If we have informed you that we have categorised you as a Professional client in accordance with the meaning given to this term in the FCA Rules, we will consider relevant FCA and European Securities and Markets Authority ('ESMA') guidance (as relevant in the UK) to determine whether we are acting on your behalf and whether you are legitimately relying on us to deliver best execution in relation to your order.

We will apply a cumulative four-part test to determine your legitimate reliance on us, which considers:

- i. who initiated the transaction;
- ii. market practice and the existence of a convention to 'shop around';
- iii. the relative levels of price transparency within a market; and
- iv. the information provided to you by IG and any agreement reached between us.

Notwithstanding the test above, we will always apply Best Execution to your orders unless in our assessment you are not placing legitimate reliance on us and we have informed you otherwise in writing.

### WHAT WE CONSIDER IN DETERMINING WHETHER WE OBTAIN BEST EXECUTION FOR YOU

IG has determined that the order of importance of the Execution Factors is the same for each asset class; that for **Retail** and **Professional** clients the best possible result will be determined in terms of **Total Consideration**.

1 An 'active' order is where you give us an instruction to execute an order immediately. As opposed to 'passive' orders where you give us an instruction to execute an order later, subject to the price moving to a specific level

Total Consideration includes both the price of the financial instrument and the costs related to execution. IG does not include its own Fees and Commissions within these costs when assessing Best Execution.

Other execution factors which are considered are:

- Speed;
- Likelihood of execution and settlement;
- Size; and
- Nature of the order.

In determining the importance given to the other factors, we will exercise our discretion in assessing the criteria that we need to take into account to provide clients with the best result.

The relative importance of these criteria will be judged in line with our commercial experience and with reference to market conditions including the need for timely execution, availability of price improvement, the liquidity of the market and size of your order (which may make it difficult to execute an order) and the potential impact on total consideration.

In certain circumstances therefore IG may determine that the speed, and likelihood of execution and settlement for example may take precedence over immediate price and cost factors if they are instrumental in delivering the best possible result. This may be the case for example for large client orders in illiquid shares or when a stop has been triggered.

#### IN RELATION TO SPREAD BETS, CFDS AND OTC DERIVATIVES

In relation to Contracts that you enter into with us, we act as principal and not as agent on your behalf. We therefore act as the sole execution venue for the execution of your Contracts. This means that we will act as market maker and you will only be dealing with us and not within the underlying market.

The main way in which we will ensure that you obtain best execution is by ensuring that in the calculation of our bid/offer prices used to execute your Contracts, we pay due regard to the market price for the underlying reference product to which your Contract relates. We have access to a number of different data sources in order to ascertain the market price, which is our objective view of the bids and offers available to arms' length traders. More information can be found in the Execution Venues section below.

In relation to some financial instruments, at the time at which you give us an order there may be no functioning or open market or exchange on which the reference product is traded. In such cases, we set out to determine a fair underlying two-way price based on a number of factors such as price movements on associated markets, other market influences and client trading flow.

#### IN RELATION TO OUR SHARE DEALING ACCOUNT AND SMART PORTFOLIO ACCOUNT

In relation to Transactions executed on your behalf, except where indicated otherwise in a **Statement** (our confirmation of your Transactions) that we send you, we will act on your behalf to execute your instructions to deal in the underlying market as principal.

#### IN RELATION TO OUR US OPTIONS AND FUTURES ACCOUNT

In relation to Transactions executed on your behalf through our US Options and Futures account, we will act as your Agent to arrange execution of your orders in the underlying market through our chosen partners. We will not execute these order types as Principal.

#### EXECUTION VENUES USED BY IG WHEN EFFECTING TRANSACTIONS AS PRINCIPAL

Where IG acts as Principal when transacting with you, in order to obtain pricing for orders, and be able to fill the orders, IG transacts with various execution venues. This means that we assess the venues available to us for the pricing and hedging of your Contracts and the execution of your Transactions. We assess that price and costs for clients are the most important factors in the choice of venue when we execute transactions, but we will also take into account how each of the other execution factors are affected for example, speed of processing and likelihood of order acceptance in a variety of markets and order types. The financial soundness and order execution policies of any counterparty or venue are also considered.

In respect of CFDs and spread bets Contracts we will seek to manage our own risk as a result of acting in the capacity of market maker for these instruments, and may choose whether to hedge part or all of your Contracts in the underlying market. We believe this approach is likely to result in reduced execution costs and market price impact for our clients overall.

Where we decide that full or partial hedging in the underlying market is required to execute your order this may affect the price of the Contract that IG enters into with you, taking into account the prevailing market prices available to IG.

In respect of Transactions executed on a Share Dealing or Smart Portfolio account, execution in stocks and Exchange Traded Funds 'ETFs' can be effected 'on exchange' or 'at quote'. 'At quote', or 'request for quote' ('RFQ'), as it is often called is available for UK shares and ETFs and allows for price quoting by London Stock Exchange member firms or Retail Service Providers ('RSPs') and bilateral settlement.

For some UK stocks, typically small and micro caps, the RFQ methodology of execution is the only one available for electronic execution.

Settlement and counterparty credit risk exist in this method of execution. This means you could experience delays in settlement as well as non-delivery where the counterparty is unable to meet its obligations because of market structure deficiencies or insolvency.

For the avoidance of doubt, our Order Execution Policy and the capacity in which we act means that we may execute your Transactions and will execute your Contracts outside a regulated market or an MTF. Whilst this approach allows us to consistently source the best price for your orders it brings with it a greater counterparty and settlement risk compared to trading on exchange.

Further information is provided within our Customer Agreement and Risk Disclosure Notice in relation to these risks such as the risk of default of IG or any other counterparty involved in the execution of your orders. ment].

The venues we determine allow us to obtain on a consistent basis the best possible result for the execution of your orders are subject to change as we see fit and shall include amongst others regulated markets, multilateral trading facilities ('MTFs'), market makers (e.g. RSPs), executing brokers and other liquidity providers. A non-exhaustive list of the execution venues upon which we place significant reliance is available on the Order Execution Policy page of our website and may be updated from time to time.

#### EXECUTION VENUES USED BY IG WHEN EFFECTING TRANSACTIONS AS AGENT

For orders placed through our US Options and Futures accounts, IG relies on a single route to market through its affiliate tastytrade inc. Tastytrade inc. is an SEC-regulated Broker-Dealer and a FINRA member, and is wholly owned by IG Group.

Tastytrade uses a proprietary order routing mechanism to route orders for listed US Options, Futures and Securities to the applicable US venues through its selected routing partners.

We have determined that routing all orders to market via tastytrade inc. allows us to obtain on a consistent basis the best possible result for the execution of your orders.

#### IG ORDER FLOW FOR ELECTRONIC OVER THE COUNTER "OTC" ORDERS

IG's order flow logic is designed to maximise the chance of your order being accepted, while keeping you in control of the most important execution factor – price.

IG will process 100% of your active(1) orders without any manual intervention. IG's order flow is designed to auto-accept client orders without referencing our exposure and without referencing liquidity in the underlying markets as much as possible.

Not referencing IG's exposure, nor interacting with the underlying market, reduces the cost to our clients –and improves the likelihood of execution. Where deemed necessary to achieve the best possible outcome for the client, for example in the case of large orders or as determined by IG's risk appetite part, or all of the order may be worked in the market and the underlying fill level passed to the client.

IG offers alternative execution strategies which you have the ability to instruct us to use through the deal ticket on our platform. For example, you may set an aggressive limit price (known as 'points through current') and to instruct us to accept partial fills. These features are designed to increase the likelihood of execution, in circumstances where you do not require us to fill the entire order. IG will only ever partially fill an order as an alternative to an outright rejection. We will never partially fill your order as an alternative to filling it in its entirety.

#### AGGREGATION

Aggregation is the process of combining two or more orders in the same instrument for different clients or parties when IG is executing client business.

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We will pursue this policy where we reasonably believe that it is in the overall best interests of our clients to do so.

The reason IG may sometimes aggregate orders is that it reduces the time it takes to get all orders to market. For example, the execution of many small orders one at a time could 'signal' to the market that this pattern may continue which may result in IG clients getting worse fills than if IG sent one, single order to the market. This may be particularly important in illiquid, quote driven or fast moving markets.

However, in certain circumstances this may mean that on occasion aggregation could result in you obtaining a less favourable price in relation to a particular order once your instruction to close a Contract or for us to execute a Transaction on your behalf has been conducted.

In respect of Smart Portfolios, IG may regularly aggregate your orders with those of other clients in order to improve the price achieved. This may be done when rebalancing your Portfolio or when handling your instructions to invest. This means we may match your order with an opposing order of another client of ours. To ensure you receive the best possible result we will seek to execute both orders at a mid-market price, rather than execute on an exchange or trading venue at a less favourable price.

In respect of OTC orders we may also choose to aggregate your orders with our own orders for the purposes of hedging other client activity, for execution as a single order. This is done to reduce costs for clients overall.

In respect of US Options and Futures, IG will not aggregate your orders with those of other clients when routing to its partners.

## ORDER ALLOCATION POLICY

Where an aggregated order is partially filled in the market, we will be required to allocate that order across all clients whose orders were aggregated.

Allocation to clients will be distributed proportionately across all clients. In all instances, the allocation will be undertaken on a fair and reasonable basis with reference to factors such as order type, price and volume where it may not be practical or deemed fair in our view to fill orders proportionately, for example, in the case of orders that are a very small proportion of the aggregation. In this way we shall ensure that allocation will not be undertaken in a way which gives unfair precedence to any particular person.

Whilst not usually the case, in the event that your OTC order is aggregated with orders arising from IG's hedging activities we shall allocate your orders in priority to ours. If however, we are able to demonstrate on reasonable grounds that the aggregation of your order with ours allowed the execution on more advantageous terms, or indeed at all, then we may allocate the orders proportionally.

On rare occasions and only where we believe that it will not be detrimental to you, we may re-allocate your orders. We consider that in this context detriment would be caused if as an effect of the reallocation, unfair precedence is given to IG or to any particular client.

When IG aggregates orders relating to Smart Portfolios, price allocation will be conducted fairly across all client accounts. This means that your execution price will at all times be proportionally derived from the mid-price for the part of your order we are able to match internally and the market price for the balance executed on the market.

## SPECIFIC INSTRUCTIONS

Where you give us specific instructions, including but not limited to (a) specifying a venue where you wish a Transaction to be executed, (b) specifying the price of a CFD contract with us (for example, through the use of a direct dealing platform such as L2), (c) specifying the price at which a Contract is to be closed if the market moves against you (e.g. a Limited Risk Transaction), or (d) for us to 'work' an order, then those instructions take precedence over other aspects of our policy. IG will continue to apply the policy for the aspects of an order not affected by the specific instructions.

### Stop Orders

A **Limited Risk Stop** transaction is a type of OTC order in which IG undertakes to a client that it will execute a Stop Order at a pre-agreed level subject to agreed terms and conditions and regardless of prevailing market conditions or available market liquidity.

A Contract for which a Limited Risk Stop has been set will be closed at the level of the Stop if the stop price is reached. This type of Stop Order available through IG's Trading Platform differs in the way described from a **'non-guaranteed' Stop Order**.

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On Contracts where a **'non-guaranteed' Stop** has been set, the price attained may be less favourable than the level at which you set the Non-guaranteed Stop, or at which it is triggered.

In respect of Stop Orders entered in respect of Transactions through the US Options and Futures account, we will attempt to execute your order at the stop level entered, however the price attained may be less favourable than the level at which you set it, or at which it is triggered.

### Smart Portfolios

As IG provides a discretionary management service in respect of IG Smart Portfolios, we will make all investment and execution decisions on your behalf and will be unable to accept specific instructions which concern the execution of your orders.

**Any specific instruction which you provide us in respect of an order may prevent us from taking the steps that we have designed and implemented in our execution policy to obtain the best possible result for the execution of orders as described in this document and in the Customer Agreement.**

## MONITORING AND REVIEW

IG monitors the effectiveness of our order execution policy and we will assess on a regular basis whether the price feed and hedging venues relied on in pricing our products allow us to achieve best execution on a consistent basis or whether we need to make changes to our execution arrangements.

We will also review our order execution arrangements and order execution policies regularly whenever a material change occurs either in respect of one of our chosen pricing venues or otherwise that affects our ability to continue to achieve best execution. Should there be any material changes to our order execution arrangements or order execution policy, we will notify you of such change.

In respect of orders entered through a US Options and Futures account routed to market via tastytrade inc., IG monitors the performance of tastytrade inc. and its selected routing partners in providing Best Execution.

IG has a rigorous governance process in place to oversee Best Execution which includes the monthly distribution of data on the execution quality of the IG Group to a "Best Execution Committee". In particular, this data will demonstrate the quality of execution relating to the execution factors deemed important by IG.

## WE DO NOT OWE YOU A FIDUCIARY DUTY

Our commitment to provide you with 'best execution' does not mean that we owe you any fiduciary responsibilities in respect of order execution over and above the specific regulatory obligations placed upon us or as may be otherwise contracted between us.

## CONFLICTS OF INTEREST

We do not receive any payment from third parties to route orders in a certain way (so-called 'Payment for Order Flow' or 'PFOF').