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1. AN INTRODUCTION TO DMA TRADING

Please note that, while we have tried to make this manual as useful as possible, nothing in it in any way affects our customer agreement which covers all transactions with us. If there is any inconsistency between this trading manual and our customer agreement, the terms of the customer agreement will prevail.

WHAT IS DMA?

Our DMA technology allows more experienced traders direct market access (DMA).

The option to enable DMA trading is activated when your account reaches a certain balance, but DMA functionality will not be removed should account later fall below this balance.

BENEFITS OF DMA

Using DMA allows you to view market depth and trade directly into the order book of equity exchanges worldwide. This is also known as **'Level 2'** trading.

There are a number of advantages to trading this way:

TRADE INSIDE THE SPREAD

As a DMA trader, you can set your own price and deal directly with other market participants. This can help minimise the cost of the bid/offer spread on your trading, and can even work in your favour if you have an order to buy that is filled at the 'Bid Price' or an order to sell that is filled at the 'Offer Price'.

GET FULL ACCESS TO PRICES IN SIZE

Greater transparency allows you to consider market liquidity when placing a trade and will very often ensure that your trades are executed at the price you choose. This will allow you to avoid having your orders rejected.

ENTER AUCTIONS

As a Level 2 trader you can enter stock auctions taking place outside trading hours, when the best prices are sometimes available.

COMPARE BUYING VS. SELLING INTEREST

You can see a queue of orders waiting to be filled at various prices for a particular stock. Knowing how many bids and offers are queued on each side of the order book may offer some insight into the possible future direction of the stock.

HARNESS MULTI-VENUE TECHNOLOGY

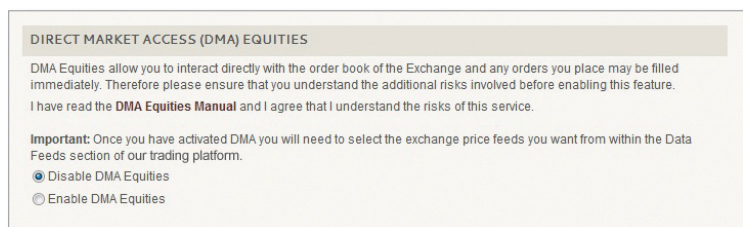
As well as using traditional exchanges, PureDMA also sources prices from Europe's three leading Multilateral Trading Facilities (which act as alternatives to traditional exchanges) and adds them to the order book in our trading platform. This lets you benefit from additional market liquidity and better prices on direct market access share CFDs.

2. GETTING STARTED

ACTIVATING DMA

There are **two steps** you must take in order to activate DMA trading on your account.

First, you need to activate DMA in your preferences.



DIRECT MARKET ACCESS (DMA) EQUITIES

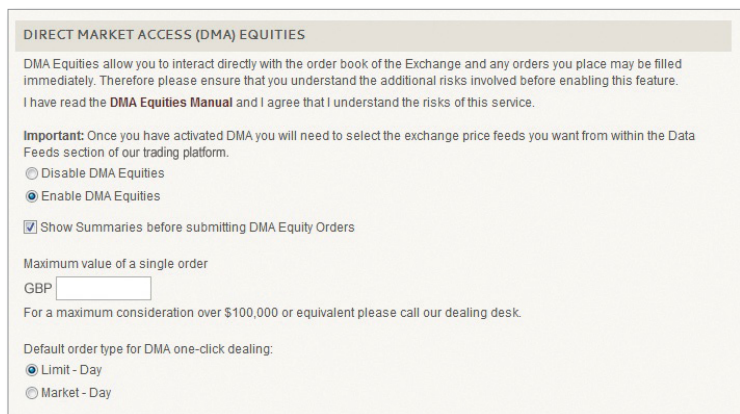
DMA Equities allow you to interact directly with the order book of the Exchange and any orders you place may be filled immediately. Therefore please ensure that you understand the additional risks involved before enabling this feature. I have read the **DMA Equities Manual** and I agree that I understand the risks of this service.

Important: Once you have activated DMA you will need to select the exchange price feeds you want from within the Data Feeds section of our trading platform.

☒ Disable DMA Equities
☐ Enable DMA Equities

Once you have checked **'Enable DMA'**, you will see the DMA agreement pop-up. You must accept this agreement to continue.

When you have clicked to agree, the box will expand:



DIRECT MARKET ACCESS (DMA) EQUITIES

DMA Equities allow you to interact directly with the order book of the Exchange and any orders you place may be filled immediately. Therefore please ensure that you understand the additional risks involved before enabling this feature. I have read the **DMA Equities Manual** and I agree that I understand the risks of this service.

Important: Once you have activated DMA you will need to select the exchange price feeds you want from within the Data Feeds section of our trading platform.

☐ Disable DMA Equities
☒ Enable DMA Equities

☒ Show Summaries before submitting DMA Equity Orders

Maximum value of a single order
GBP

For a maximum consideration over \$100,000 or equivalent please call our dealing desk.

Default order type for DMA one-click dealing:
☒ Limit - Day
☐ Market - Day

If you want to see a summary of each order before it is sent, tick the **'Show Summaries'** box.

To limit the extent of any damage done by **'typo'** errors when entering figures in a deal ticket, you must set a maximum allowed value for individual transactions here.

A large number of other Level 2 (DMA) data feeds are also available and can be activated from the **'My Account'** panel in our trading platform.

EXCHANGE	NO FEE	LEVEL 1FEE	ACTIVE
Shares - WBAG (Vienna)	Mix	EUR 2.40	1
Shares - TSX (Toronto)	Off	USD 11.40	1
Shares - Euronext (Amsterdam, Brussels, Lisbon, Paris)	Mix	EUR 1.20	1
Shares - OMX (Copenhagen, Helsinki, Stockholm)	Mix	EUR 1.20	1
Shares - XETRA (Germany)	Mix	EUR 18.00	2
Shares - ATHEX (Athens)	Off	EUR 1.20	1
Shares - HKEX (Hong Kong)	Off	HKD 144.00	1
Shares - ISEQ (Ireland)	15 mins	EUR 6.00	1
Shares - MIB (Milan)	Off	EUR 0.50	1
Shares - OSE (Oslo)	Mix	NOK 12.00	1
Shares - ASX (Australia)	20 mins	AUD 45.00	4
Shares - JSE (Johannesburg)	Off	ZAR 58.80	1
Shares - SGX (Singapore)	20 mins	SGD 9.60	1
Shares - BME (Madrid)	Off	EUR 5.10	1
Shares - Virx (Switzerland)	Mix	CHF 7.20	1
Shares - IOB (UK)	15 mins	GBP 2.40	1
Shares - LSE (UK)	Mix	GBP 4.80	1
Shares - AMEX (US)	Off	USD 1.20	1
Shares - NASDAQ (US)	Off	USD 1.20	1
Shares - NYSE (US)	Off	USD 1.20	1

For traders who make a certain minimum number of trades per month, this data is provided on a charge-and-refund system; the number of trades you need to make in order to be refunded varies by exchange and is listed under the column labelled 'Active'.

3. YOUR DMA DEAL TICKET

TICKET

Capita Group Plc

Current: 717.0

Chg: 1

Hi: 718.0

Lo: 713.0

DMA

OTC

ORDER

10893	716.5	717.5	9287
19199	716.0	718.0	16574
18699	715.5	718.5	14133
8597	715.0	719.0	11749
7968	714.5	719.5	7686

Direction

Buy

Order Type

Limit - Day

Shares

(Min: 1)

Order Level

716.50

CONTINGENT OTC ORDERS

Pips

GBP

Stop

GBP (Min: £1)

Limit

GBP

REQUIREMENTS

Consideration

(Max: GBP 50,000)

Margin Required

CANCEL

PLACE ORDER

01. Current share price
02. Best available price
03. Volume of shares at best bid price
04. Market depth information for bid orders (volume/price)
05. Switch trade direction
06. Size and level of order
07. Stop / limit orders
08. Overall value of trade (i.e. 2000 shares at £2 = £4000 consideration)
09. Amount of margin required to place the trade
10. Maximum consideration (can be set in SMA preferences)
11. Type of order
12. Market depth information for ask orders (price/volume)
13. Volume of shares at best price offer
14. Best available offer price
15. Switch between DMA and OTC deal tickets
16. The day's high and low traded on the exchange

4. DMA ORDERS AND TRADES

SELECTING A PRICE

To select a price, simply open a **'Deal Ticket'** and click on a price at which you want to trade. Alternatively, you can enter the price into the **'Order Level'** box in the deal ticket. If you click on a **'bid'** price, the trade will default to a selling position, and if you click on an **'offer'** price, the default will be to buy. Change trade direction by clicking the down arrow.

TYPES OF ORDER

OTC

Even when **'Level 2'** trading is activated, it is possible to place an Over the Counter (OTC) order by using the DMA/OTC tab on deal tickets. It is also possible to open a position DMA but close it OTC and vice versa.

LEVEL 2

DMA orders are quite different from OTC orders, and it is therefore important to understand exactly what varying types of Order mean before placing them.

There are three listed 'Level 2' order types to choose from:

- Limit – Day
- Limit – Execute & Eliminate
- Market

The screenshot shows a 'Direction' dropdown set to 'Buy'. Below it, the 'Order Type' dropdown is open, showing three options: 'Limit - Day', 'Limit - Day', and 'Limit - Execute & Eliminate'. The 'Size' dropdown is also open, showing 'Limit - Execute & Eliminate'. The 'Order Level' dropdown is set to 'Market - Fill or Kill'.

[The DMA deal ticket shows no distinction between different types of Market Order because these orders are modified automatically depending on the circumstances of the trade].

HOW LEVEL 2 ORDERS WORK

Please note that not all exchanges will process order types exactly as they are outlined below. Contact your local dealing desk for more information.

The following explanations refer to this Order Book, from Rio Tinto:

The screenshot shows the 'TICKET' window for Rio Tinto Plc. It displays the current price at 2802.0, a change of -60, and a high/low of 2814.2/2784.5. The 'ORDER' section shows a table of orders:

	2241	2802.0	2803.0	528
	3583	2801.5	2803.5	2835
	3303	2801.0	2804.0	3225
	5492	2800.5	2804.5	6631
	8185	2800.0	2805.0	13243

LIMIT DAY

This is an Order with a specified size and price which executes against eligible Orders, with any remaining unexecuted portion added to your Orders to Open. This remainder will stay active until the end of the day's trading, when it will be cancelled. For example, a Limit Day order to buy 5000 Rio Tinto shares at 1364 would execute an Order for 4756 shares. The remaining 244 shares would be added to your Orders to Open, until that many shares become available at a price of 1364. If the remaining order of 244 shares is not filled before the end of the day, the Order to Open will be cancelled. Once this remainder is cancelled, the Open Position will become active.

LIMIT EXECUTE AND ELIMINATE

This will execute as much of the trade as possible at the level you specify before cancelling any remaining balance. For example, an Order to sell 1000 shares at 1363 would sell 736 shares at that level and the remaining balance of 264 shares would be cancelled immediately. At the moment the remainder is cancelled, the Open Position of 736 shares becomes active.

Please note that Execute and Eliminate Orders cannot be placed during auction periods (see below).

MARKET

A Market Order can be placed at any time and sweeps the opposite side of the order book until the entire order is filled, regardless of price. For example, if you open a Market Order to buy 10,000 shares, you would get 4756 at 1364, 5000 at 1365 and the final 244 at 1366.

It is also possible to place Market Orders during the auction periods of equity exchanges. Auctions normally take place before markets open or at the end of the trading day. For example, on the London Stock Exchange, auctions take place daily between 07.50-08.00 and 16.30-1635 GMT. However, sometimes a stock will go into auction during normal trading; when this happens, a red bar will highlight the best bid and offer prices in the stock's Deal Ticket.

CONTINGENT ORDERS

Stop and limit orders work in the same way as they do with OTC trades in that they are filled by us rather than in the market. A stop order is an instruction to deal at a less favourable level than the current price, and a limit order is an instruction to deal at a more favourable level. NB: To attach a limit order to a trade, the trade must be active; it is not possible to attach limit to an inactive, partially filled trade.

OPEN POSITIONS / ORDERS TO OPEN / ACTIVITY PANELS

OPEN POSITIONS

Trades that appear in the Open Positions panel have been filled or partially filled:

- Filled trades are displayed alongside a green icon to indicate that they are active.
- Partially filled trades are displayed alongside a grey icon to indicate that they are inactive.

To activate a partially filled trade, either fill or cancel the unfilled remainder.

ORDERS TO OPEN

Orders which appears in the Orders to Open panel are still working in the market, waiting to be filled. For example, the remainder of a partially filled Open Position, or a standalone Working Order, would appear in the Orders to Open panel.

For example:

Imagine you have placed this order:

The screenshot shows the 'TICKET' window for British Sky Broadcasting Plc. It displays the current price at 761.0, a change of -3, and a high/low of 765.5/760.0. The 'ORDER' section shows a table of orders:

	4558	170.90	171.50	4147
	1700	170.80	171.90	12290
	11600	170.70	172	6430
	4520	170.30	172.20	4110
	12027	169.70	172.40	6300

Below the table, the 'Direction' dropdown is set to 'Buy'. The 'Order Type' dropdown is set to 'Limit - Day'. The 'Shares' input field is set to 5000 (Min: 1). The 'Order Level' input field is set to 171.50. The 'CONTINGENT OTC ORDERS' section shows 'Stop' and 'Limit' fields set to GBP (Min: £1). The 'REQUIREMENTS' section shows 'Consideration' set to £ 8575 (Max: GBP 50,000) and 'Margin Required' set to £ 857.50. The 'PLACE ORDER' button is highlighted in green.

(A limit-Day Order to buy 5000 British Sky Broadcasting plc shares at the best price of 171.50)

There are 4147 shares available to buy at 171.50. Looking at the market depth, the next best price is 171.90 (where there are 12,290 shares for sale).

Because this is a Limit Day Order, a position is opened buying the available 4147 shares at 171.50 and the remaining 853 shares becomes an Order to Open, waiting to be filled at a price of 171.50.

By ensuring your remaining order to buy 853 shares is filled at a price of 171.50, rather than 171.90 – the best offer price available after you have bought the initial 4147 shares – you are trading within the bid/offer spread.

The two orders would be displayed like this:

OPEN POSITIONS										
TURN ON AGGREGATE VIEW										
DISPLAY VIEW										
MARKET	PERIOD	OPENING	POSITION	ORDER SIZE	STOP	TYPE	LIMIT	LATEST		
British Sky Broadcasting Plc		5000	+4147		-	-	-	171.900		
								Total	£21,124.71	

ORDERS TO OPEN										
TURN ON AGGREGATE VIEW										
DISPLAY VIEW										
MARKET	PERIOD	ORDER SIZE	WORKING	ORDER TYPE	LEVEL	STOP	TYPE	LIMIT		
British Sky Broadcasting Plc	-	5000	+853	Limit	171.5	-	-	-		
								Total	£21,124.71	

To activate the Open position (buying 4147 shares at 171.50) you would have to fill or delete the Order to Open for 853 shares at 171.50. As this is a Limit Day Order, the Order to Open will only remain active until the end of the day.

ACTIVITY

This panel displays all your recent trades, including the date and time of the trade, the equity traded, whether the trade was a complete order or a partial fill and whether it was made OTC or DMA.

ACKNOWLEDGEMENT OF ORDERS

When you place a DMA order, you will receive a pop-up acknowledgement (with an orange icon) to confirm the market you are trading, the order level and size, and the trade's unique reference code. Remember, this is an acknowledgement that you have placed an order and that it has been sent; it is not a confirmation that the order has been filled. To see an order's status, check the Open Positions and Orders to Open panels. The Activity panel will also display a history of recent trading actions you have taken.

CLOSING A TRADE

It is possible to open an L2 position using the DMA section of the Deal Ticket, but close the position using the OTC section, and vice versa.

If you use a Deal Ticket to close a specific open position, you will be able to do so either by sending a Limit Execute and Eliminate Order or Limit Day order.

With an Execute and Eliminate order, as much of the position as possible will be closed at the level you specify, and the remainder will stay open. The extent to which the order to close a position can be filled depends on the availability of buyers at your selling price (or sellers at your buying price). To close any remaining part of the position, you would have to send a separate order.

If you use a Limit Day order to close a position, as much of your trade as possible will be executed at your chosen price. Any unexecuted part of the trade will remain active until the end of the day's trading when any unfilled portion of the trade will be cancelled.

5. THINGS TO REMEMBER

THE NATURE OF OUR DMA CONTRACT

It is important to note that while you are trading based on underlying market prices and depth, what you actually receive on placing a trade is a CFD from us. It works like this:

- DMA displays the best bid and offer price available for a particular market, as well as up to four further – ‘market depth’ – prices on either side of the order book;
- You then place an order using a DMA Deal Ticket and we instantaneously conduct a margin check to ensure you have sufficient funds on account to cover margin on your proposed trade;
- If the margin check is satisfied, we will place an order in our name in the market and, simultaneous to this, we will create a parallel CFD between you and us.

So while you are trading at market prices, you do not gain any ownership rights over the shares or futures which form the subject of your CFD.

POSSIBLE RISKS AND COSTS

Because we take our own position in the underlying market in order to provide you with a parallel contract, it is important to remember that once an order has been executed we are unable to change or reverse your position. If you have incorrectly or erroneously submitted an order you are bound by the size and price at which the order has been executed.

If you short-sell a stock and the underlying share becomes unborrowable, meaning that we are unable to hedge against possible losses, your order will be closed at the market level. A share may either be unborrowable from the outset or our brokers or agents may recall from us a stock that we have already borrowed against.

Before activating DMA, you should fully understand the costs involved. Depending on the exchange on which you wish to trade, you may be liable to pay some data usage fees (see Permissions and Data Feeds, p.3). You should also be aware that, under the terms of our customer agreement, you agree to indemnify us for any transaction costs, such as stock borrowing fees, which we incur as a result of your transaction. Contact us for more information on these costs plus commission and funding charges.

TRADING CONDUCT & MARKET ABUSE

Since, as a Level 2 trader, you are effectively participating directly in the market, it is your responsibility to acquaint yourself with all the relevant rules and legislation for the exchange on which you are trading.

In the UK, for example, you should be aware of the requirements of the Takeover Panel, and your obligation to report positions in certain circumstances (thetakeoverpanel.org.uk provides more information). You should be aware that notwithstanding you do not gain ownership rights to the actual underlying asset (but rather gain a CFD from us) there will be some instances where you are nonetheless required to disclose your interest to the UK Takeover Panel (or similar body in your jurisdiction). You will also be bound by the rules of the exchange on which you are trading. For example, if you are trading on the London Stock Exchange you should be aware that we are bound by the LSE rules and that you must avoid taking any action that might put us in breach of those rules. The General Conduct section of the LSE rules is likely to be the most relevant and can be found at londonstockexchange.com/en-gb/products/membershiptrading/rulesreg/ruleslse/

MOBILE DEALING

Our iPhone and iPad apps support DMA trades for clients with PureDMA activated in their account settings. DMA trading is not yet available on our platform on other mobile devices.

6. APPENDIX A

MARKET ABUSE

Under the EU Market Abuse Directive there are seven types of behaviour which may constitute market abuse. These are set out in summary below.

ABUSE 1: INSIDER DEALING

This is where an insider i.e. a person in possession of unpublished price sensitive information deals or attempts to deal in a qualifying investment on the basis of that information.

ABUSE 2: IMPROPER DISCLOSURE

This is when an insider discloses inside information to another person otherwise than in the proper course of the exercise of this employment, profession or duties.

ABUSE 3: MISUSE OF INFORMATION

This is where the behaviour does not amount to insider dealing or improper disclosure but:

- a) is based on information not generally available to those using the market but which, if available to a regular user of the market, would be. Or would be likely to be, regarded by him as relevant when deciding the terms on which transactions in qualifying investments should be effected; and
- b) is likely to be regarded by a regular user of the market as a failure on the part of the person concerned to observe the standard of behaviour reasonably expected of a person in his position in relation to the market.

ABUSE 4: MANIPULATING TRANSACTIONS

This consists of effecting transactions or orders to trade (otherwise than for legitimate reasons) which:

- a) give, or are likely to give a false or misleading impression as to the supply of, or demand for, or as to the price of a qualifying instrument; or
- b) secure the price of an investment at an abnormal or artificial level.

ABUSE 5: MANIPULATING DEVICES

The fifth type of behaviour consists of effecting transactions or orders to trade which employ fictitious devices or any other form of deception.

ABUSE 6: DISSEMINATION

The sixth type of behaviour consists of the dissemination of information which gives, or is likely to give, a false or misleading impression as to an investment by a person who knew or could reasonably be expected to have known that the information was false or misleading.

ABUSE 7: MISLEADING BEHAVIOUR AND DISTORTION

The seventh type of behaviour (where abuse does not amount to any of the behaviours in respect of manipulation or dissemination described above) is where it:

- a) is likely to give a regular user of the market a false or misleading impression as to the supply of, demand for or price or value of an investment; or
- b) would be, or would likely to be, regarded by a regular user of the market as behaviour that would distort or be likely to distort the market in such an investment.