

ADMIRAL MARKETS AS BEST EXECUTION RULES

Valid as of 01.11.2017

1. GENERAL PROVISIONS

- 1.1 These Best Execution Rules ("Rules") shall stipulate the terms, conditions and principles, based on which Admiral Markets AS ("AM") shall execute the transaction orders ("Order") in financial instruments of retail and professional clients ("Clients") of AM.
- 1.2 AM is committed to treat Clients fairly, transacting with them in a professional and transparent manner. AM has the obligation to provide its Clients with best execution of Orders. This means AM must take all reasonable steps to obtain the best possible result for the Client when executing an Order with the Client or on the Client's behalf, taking into account various important factors of best execution as referred in subsection 4 of these Rules and subject to any specific instructions received from the Client.
- 1.3 These rules shall be followed with every Order given by the Client, except when the Client issues specific instructions, and should be read in conjunction with AM's General Terms and Conditions and other terms regulating the provision of services.
- 1.4 For all retail clients the best possible execution will be determined in terms of the total consideration, representing the price of the financial instrument and the costs related to execution. Whenever there is a specific instruction from a Client, AM shall execute the Order following the specific instruction. Compliance with that specific instruction will be treated as satisfaction of the best execution obligation of AM to the Client.
- 1.5 AM recognises that professional clients also rely on AM to provide best execution; therefore, AM will execute Orders from professional clients in line with these rules to the extent possible. In certain circumstances AM's determination of the relative importance of the execution factors regarding Orders of professional clients may differ from retail clients including, for example, where the probability of execution may take precedence over price.

- 1.6 By consenting to the terms and conditions stipulated in the client contracts and by giving an Order to AM, the Client also agrees to the terms and conditions of these Rules as stipulated in this document. All AM Clients undertake to examine these Rules. When giving Orders, AM interprets the Client's consent and acceptance with these Rules.
- 1.7 AM will monitor the effectiveness of the order execution arrangements and execution policy of these Rules in order to identify and, where appropriate, correct any deficiencies. The Best Execution Rules shall be reviewed at least once a year. Amendments to the Rules shall be published on AM's website www.admiralmarkets.com. Amendments shall come into force from the date of publication on the website.
- 1.8 In case the Client is not satisfied with the execution of the Order, AM is obligated to provide, at the written request from the Client, necessary and relevant information enabling the Client to verify whether AM executed the Order in question in full compliance with these Rules and other applicable terms of business of AM.
- 1.9 AM's commitment to provide Clients with best execution does not mean that AM owes the Client any fiduciary duty over and above the specific regulatory obligations placed upon AM or as may be otherwise regulated by terms of business of AM.

2. EXECUTING ORDERS RELATED TO DERIVATIVE INSTRUMENTS

- 2.1 AM executes all Clients' Orders with derivative instruments, including both Rolling Spot Forex instruments (also known as "Forex" or "FX") and Contracts for Difference (also known as CFDs) for various underlyings outside the regulated market based on Over-the-Counter (also known as OTC) principles.
- 2.2 AM acts as a counterparty (and not as an agent on behalf of Clients) in relation to all submitted Orders related to derivative instruments, therefore AM acts as the sole execution venue for the execution of Clients' Orders. This means that any Client of AM will be dealing with AM and not within the regulated underlying market.
- 2.3 AM is not obligated to compare or evaluate the possible trading results for the Client in other execution venues, outside its own active liquidity providers (also "Liquidity Providers"). AM evaluates and places significant reliance on liquidity providers in order to obtain on a consistent basis information about best available prices and transaction volumes for the execution of Clients' Orders. These venues are subject to change as AM sees fit; these venues shall include amongst others multilateral trading facilities, brokerage firms with an

appropriate activity licence, investment firms, banks, market makers, depositories, securities transfer organisations and other liquidity providers of AM's choice. The list of liquidity providers regularly employed by AM, which may be amended from time to time, is published on AM's website. AM may (but is not obliged to) send an Order for execution to a liquidity provider that is not frequently employed by AM (not on the published list), but which would allow the Order of the Client to be executed in the best possible way based on AM's assessment.

- 2.4 AM quotes prices for Forex and CFD instruments directly to the Client via trading platform. AM derives current prices of available instruments based on the best available bid and ask prices supplied with real volumes as received from AM's liquidity providers and by adding its own charges on top of that. All together this forms AM's current bid and ask price (also know as "Spread") for Clients for particular instruments. AM provides an overview of the minimum and typical (i.e. statistically measured difference between bid and ask prices that are usually available for Clients under normal market conditions) Spreads in the description of each particular instruments on the AM's website. AM's charges may be incorporated as a mark-up or mark-down (the difference between the price at which AM itself takes a principal position and the transaction execution price with the Client). AM may alternatively charge a commission or a combination of commission and mark-up or mark-down.
- 2.5 AM urges Clients to acknowledge that trading in derivative instruments traded OTC, including Forex and CFDs, is always significantly impacted by the supply of real volumes that tend to be minimal or non-existent at time of uncertainty such as before and immediately after news releases or when the relevant underlying main markets are closed (such as night hours). Therefore, there is no upper limit to Spreads at which AM expects Clients to carefully consider the timing and all available information related to the financial instrument subject to the Client's Order to AM.
- 2.6 AM reserves the right to modify the AM Spread whereas the clients may experience widened Spreads and slippage under certain market conditions (for example, but not limited to, when the trading desk is closed, around fundamental news announcements, where there is a rapidly moving market or low liquidity).
- 2.7 Most trades will be automatically priced and executed by AM's automated internal trading systems. However, depending on factors such as for example unusual market conditions or the size and nature of your Order an instrument may be wholly or partly manually priced and/or an order may be manually executed. During times of high demand manual pricing and/or execution may cause delays in processing Clients' Orders which in turn can have an impact on the price at which your Order is executed.

- 2.8 AM provides Clients with trading accounts with *Market Execution* by providing them with indicative prices. As the prices are indicative and may change rapidly in a short period of time, the Client's Order shall be executed with the actual price of the instrument, applicable at the time when the Order was processed by AM. AM may reject the Client's Order if current market prices are not supplied with real volumes that are sufficient to fulfil the Client's Order.
- 2.9 AM takes reasonable steps to ensure that execution of Orders on AM's quoted prices will obtain the best possible result for Clients at the time the quote is provided. However, fast moving markets may result in the execution of a transaction at a price that has ceased to be the best market price. This situation is also known and referred as "*Slippage*". Depending on the particular circumstances the slippage may have either favourable or adverse material impact on the execution of the Client's Order.
- 2.10 AM shall inform Clients if any material difficulty relevant for executing the Orders properly should emerge.
- 2.11 AM may restrict the types of possible Orders that may be given with regard to every type of security.

3. EXECUTION OF ORDERS RELATED TO SHARES AND OTHER SECURITIES

- 3.1 This clause 3 will not be applied to securities other than derivative instruments.
- 3.2 AM shall forward Orders related to shares and other securities to the liquidity provider for execution, who shall, in turn, have the right to forward the Order to another person with appropriate rights for execution. Therefore, Clients can execute transactions only with securities the trading of which is enabled by the liquidity provider, while also taking into account the rules established by the liquidity provider and the (foreign) legislation applicable to them.
- 3.3 AM has the right to use the services of one or more liquidity providers and AM is not obliged to ensure the possibility to execute the Order with several liquidity providers. It is assumed that AM has done everything in its power to achieve the best possible result for the Client, regardless of the number of liquidity providers used.
- 3.4 If the Client's Order concerns a security that can be executed via more than one liquidity provider, AM shall send the Order to the liquidity provider with whom they believe the Client can reach the best result. If possible and appropriate, AM shall also take into account

the probability of the execution of the Order, as well as other circumstances, such as the speed of executing the Order based on data from previous periods. AM cannot assess the probability of each settlement.

- 3.5 AM shall forward the Order to the liquidity provider for execution as soon as possible.
- 3.6 The liquidity provider has the right to determine the market in which the Order shall be executed. If a particular security is traded on several markets, the liquidity provider may also use an algorithm to determine the best market for executing every Order. The Order shall be executed according to the Rules applicable to the liquidity provider and the relevant market. The Order may also be executed in parts. The Order may also be executed outside of a regulated market or in multilateral trading facilities if it complies with the Rules applicable to the liquidity provider.
- 3.7 Unless the Client provides AM with other instructions, AM shall disclose to other market participants, without delay, the Client's Order with the determined price (i.e. the Order to purchase or sell securities where the volume and price or the minimal price of the securities is determined with figures) that will not be immediately executed at the prevailing market conditions, in relation to a share that has been admitted to the market for trading.
- 3.8 AM is not required to perform the obligation stipulated in clause 3.7 if the Financial Supervision Authority has released AM from it on one or more occasions or permanently.
- 3.9 In the case of Orders related to shares and other securities, AM has the right to a commission subject to the price list.
- 3.10 The provisions stipulated in clauses 2.8 to 2.11 shall also be applied to an appropriate extent to giving Orders related to shares and other securities.

4. IMPORTANT FACTORS OF BEST EXECUTION OF ORDERS

- 4.1 AM executes all Clients' Orders according to AM's General Terms and Conditions.
- 4.2 When executing the Client's Orders, AM shall take into account the following information:
 - the characteristics of the Client, including the categorisation of the Client as retail or professional;
 - the characteristics of the Client's Order;
 - the characteristics of securities that are the subject of that Order.
- 4.3 Upon the execution and forwarding of Orders, AM shall first and foremost take into account

the total consideration (the sum of the price of the instrument and the costs related to the execution, including all expenses incurred by the Client, which are directly related to the execution of the Order) and, if possible and appropriate, the following factors according to the particular instrument:

- speed of execution and settlement;
- probability of execution and settlement, that is available liquidity;
- the nature and size of the Order and transaction and its market impact;
- other factors that AM believes to have significance for the execution of the Order.

4.4 The importance of the factors described in clause 4.3 will be assessed in line with AM's experience and considering market conditions, including the need for timely execution, availability of price improvement, the liquidity of the market and size of the Order and the potential impact on total consideration. At present, AM considers the price as the most important factor as its impact on the total consideration is the greatest.

4.5 In relation to some derivative instruments, at the time at which the Client gives AM an Order, there may be no functioning or no open market or exchange on which the reference instrument could be traded. In such cases AM sets out to determine a fair underlying price based on a number of factors, for example price movements on associated markets quoted by AM's liquidity providers or professional market participants and other market influences, including information about AM Clients' own Orders.

5. EFFECT OF OTHER FACTORS ON THE EXECUTION OF ORDERS

5.1 AM is committed to providing the most competitive trading technology and has put automated dealing procedures and infrastructure in place to minimise the risk of delays. Despite this, there may be delays in the forwarding or execution of Orders.

5.2 Delays in execution beyond AM's control may occur as a result of technical failures or malfunctions in connection with use of the trading platforms of AM or the liquidity provider, internet connectivity or processing speed. AM does not accept responsibility for such failures or malfunctions, but takes reasonable efforts to avoid such situations. In the event of malfunctions, AM has the right to take measures (incl. in the execution and forwarding of Orders) that differ from what has been stipulated in these Rules if AM finds such measures to be in the best interest of the Client.

5.3 In extreme volume and volatility situations, automated dealing system constraints may require the automated execution of Orders to be switched off and/or electronic execution

to be suspended in favour of manual execution. Such events lead to further execution delays and increased market volatility.

6. SPECIFIC INSTRUCTIONS FROM THE CLIENT

- 6.1 If a Client provides specific instructions on full or partial execution of the Client's Order, the Order shall be executed according to such instructions. Provision of specific instructions of the Client to AM may prevent AM from taking the steps that it has designed and implemented in these Best Execution Rules for the best execution of the Client's Orders in order to obtain the best possible result for the execution of those Orders with consideration to the elements covered by those instructions.
- 6.2 Compliance with that specific instruction will be treated as satisfaction of the best execution obligation of AM to the Client.
- 6.3 If the Client gives an Order and it is forwarded via AM's automated trading system, without AM's involvement, to a liquidity provider for execution in the market, it is deemed that the Client has provided specific instructions and AM has proceeded from the best interests of the Client.

7. AGGREGATION OF TRANSACTION ORDERS

- 7.1 AM does not add (or aggregate) the executed derivative instrument Orders of one Client to the derivative instrument Orders of another Client.
- 7.2 AM (incl. AM's liquidity provider) may execute an Order related to shares and other securities (that are not derivative instruments) in parts or in aggregated form with the Orders of other Clients and/or AM itself if it is improbable that such an aggregation of Orders is ultimately harmful to any Client whose Order is aggregated. Upon aggregating Orders, the effect of aggregation with regard to a specific Order may be harmful to the Client separately.
- 7.3 The aggregated Order shall be distributed in the volume and at the price of the original Orders. If the execution of an aggregated Order turns out to be only partially possible, AM shall execute the separate Orders of Clients according to the attained average price and proportionately to the executed quantity, thereby distributing related transactions firstly to Clients and only then to AM. If AM is able to prove that without the aggregation the transaction could not have been concluded at such favourable conditions or could not have been concluded at all, they may distribute the transaction made on their own account according to the average price and proportionately executed quantity (i.e. without



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distributing the related transactions first and foremost to Clients).

- 7.4 As a result of an aggregation of Orders, it is not allowed to redistribute the transactions made on account of AM and aggregated with the Client's Orders in a manner that would be harmful to the Client.