

ADMIRAL MARKETS AS EXECUTION QUALITY SUMMARY STATEMENT 2018

Valid as of 30.04.2019

This statement sets out a summary of the analysis and conclusions drawn from the detailed monitoring of the quality of execution obtained on the execution venues where client orders have been executed during 2018 for Admiral Markets AS.

Admiral Markets AS (hereinafter "AM" or "we") urges its clients and potential clients to read this Statement carefully and in conjunction with the Best Execution Policy as it also contains information on how we execute orders of clients, how we treat various execution factors and what steps we take in order to obtain best possible order execution results for our clients on a consistent basis.

During the year under review, we have been providing an online trading platform for the purpose of allowing our clients to trade 3 different classes of financial instruments:

1. Contracts for Difference ("CFDs");
2. Shares;
3. Exchange-Traded Funds ("ETFs")

1. Contracts for Difference

In respect to CFDs we categorized our clients as *retail clients* and as *professional clients*.

Although our clients were categorized differently, our technical infrastructure is configured so that transactions initiated either by a retail or by professional client are treated in the same way without any differentiation on the client category.

In relation to each CFD transaction, we act as counterparty on a principal basis and not as agent on your behalf. This means that we act as the sole execution venue for all client orders in CFDs. As a result, a client will be dealing with AM and not with the underlying market. In respect to part or all of client trades we will seek to manage our risk as market maker by entering into back-to-back transactions in similar terms with another liquidity provider or a regulated market or MTF/OTF or equivalent in a non-EEA jurisdiction upon which we place significant reliance for the pricing and hedging.

Given the bilateral nature of CFDs and the structure of our CFD trading service, we classify all client orders in this asset class as aggressive orders, regardless of the type, name and purpose as may differentiate in our trading platform. Aggressive orders are orders that reduce available liquidity or liquidity provider`s willingness to deal at relevant price levels.

CFDs – Top execution venues in 2018

Class of Instrument	Contracts for difference				
Notification if <1 average trade per business day in the previous year	No				
Top five execution venues ranked in terms of trading volumes (descending order)	Proportion of volume traded as a percentage of total in that class	Proportion of orders executed as percentage of total in that class	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders
Admiral Markets AS LEI: 549300QE3BN5Y1FE7M41	100	100	0	100	0

Table 1: Top execution venues 2018 for CFDs ([CSV file download link](#))

During the year under review:

1. There were no changes to the list of available execution venues for contracts for difference;
2. There were no differences in how we obtained the best possible result for retail and professional clients.
3. We did not accept directed orders in respect to which a client would be able to manually specify the execution venue or a counterparty to initiated transaction in CFDs.

CFDs – Execution factors and their relative importance

In relation to execution of transactions in CFDs, we consider and monitor several factors:

1. total consideration represented by the sum of the price of the financial instrument and, if applicable, any third-party costs related to execution (e.g. clearing and settlement fees);
2. speed of execution and settlement;
3. likelihood of execution and settlement;
4. type and size of the order and transaction and its market impact.

For retail and professional clients, the best possible result of order execution is determined in terms of the total consideration.

The main way in which we seek to provide this is by looking at the calculation of final bid/offer prices used to execute client transaction to ensure that due regard is given to the market price for the underlying reference product to which transaction relates. Further any fees of third-parties that are directly related to the execution of order (such as trading venue fees, clearing and settlement fees, and any similar fees), form part of the total consideration that we give the highest relative importance.

We source our prices for CFD products from quotes of our institutional trading counterparties and liquidity providers which are then aggregated using an aggregator system into a best bid and best offer quotes. Only trading counterparties who supply their prices with real volume are considered as an input for our CFD pricing system.

We continuously monitor the streamed price flow for manifest errors in it. All instruments have reasonable price filtering conditions which prevent most of the manifest errors such as price spikes.

Additionally price improvement and price slippage symmetry is considered and monitored.

Speed of execution

Whilst the best result is determined in terms of total consideration, speed of execution provided is carefully and continually monitored to ensure that speed of execution by liquidity providers and other execution venues chosen by us is comparable to the speed of execution provided by other similar liquidity providers for the same class of instruments.

Likelihood of execution and settlement

Likelihood of execution is also carefully considered and continually monitored to ensure that liquidity providers and other execution venues are consistently able to provide order execution and settlement on their advertised terms during service hours. We also pay attention to frequency and duration of any system outages of used liquidity providers and execution venues.

Type and size of the order

Type and size of the order can be relevant to execution where a liquidity provider may be unwilling temporarily or permanently to onboard certain risks. All our financial instruments have predefined minimum / maximum order sizes as well as order size increment rules. These rules are designed to reflect the rules of liquidity providers. The purpose of these rules is to technically prevent submission of orders of sizes that cannot be filled. This aspect is carefully considered and monitored to ensure that liquidity providers and other execution venues are consistently able to provide execution and settlement of supported order sizes.

CFDs – Close links, common ownership and conflict of interests

We do not share any close links, conflicts of interests or common ownership with any of trading counterparties on whom we may place significant reliance during the execution of our product pricing and hedging strategies.

CFDs – Monitoring tools and data

In 2018 AM has been using the following reporting suite for monitoring the execution quality:

1. Execution quality report

A tool designed for analysis of execution quality statistics, showing the slippage and rejection rates as well as execution time, with the following granularity levels: overall; split by trade size ranges; split by instruments. This tool is accompanied with a periodic report containing a sample of randomly picked client transactions for assessment of deviations of the effective execution price from the indicative price quoted immediately before the start of execution.

2. Other statistical report

A tool designed for analysis of execution quality of liquidity providers, providing rejection rates and average execution time split by liquidity provider.

3. Spread report

A tool designed for detecting extreme spread values of liquidity providers, providing average and maximum spreads by liquidity providers and instruments.

4. Quarterly execution reports of the selected trading counterparties and liquidity providers

A set of standardized reports on executed transactions produced according to the regulatory technical standard (RTS27)

5. Complaints about our service

Every complaint about execution is being thoroughly investigated pursuant to well documented process by qualified staff. In some cases root causes of received complaints may provide further ideas for enhancement of our execution monitoring tools or may initiate a review of effective agreements with relevant liquidity providers.

During the reported period AM did not use the output of a Consolidated Tape Provider ("CTP") in its execution monitoring tools and reports.

CFDs – Conclusions based on the observed outcomes of execution of client orders during 2018.

Based on statistical observations of the outcomes and important factors within the order execution process, AM finds that it took all sufficient steps to obtain best possible execution results for client orders. The selected sole Liquidity Provider to whom AM routed client orders delivered anticipated satisfactory results. The platform performed without issues, and the speed of execution was sufficiently high.

We did not observe any specific issues relating to the quality of the total consideration available for clients through 2018. Even where there was extreme market turbulence, such as during political events of greater magnitude, we consider that we were able to offer fair prices to our clients.

2. Shares

In respect of shares we treated all our clients as retail clients.

In relation to each transactions in shares within the year under review we received and transmitted client orders for execution by another investment firm (a "broker")

We did not hold memberships to any venues or exchanges that may be known as the most relevant or alternative markets to any shares that we offer via our trading platform.

The following list of execution venues is provided to give transparency to the executing brokers used by us to operate our service model for shares.

Shares – Top execution venues in 2018

Class of Instrument	Shares – Tick size liquidity bands 5 and 6 (from 2000 trades per day)				
Notification if <1 average trade per business day in the previous year	No				
Top five execution venues ranked in terms of trading volumes (descending order)	Proportion of volume traded as a percentage of total in that class	Proportion of orders executed as percentage of total in that class	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders
Interactive Brokers LLC LEI: 500BSE5T5521O6SMZR28	100	100	0	100	0

Table 2: Top execution venues 2018 for shares. Liquidity bands 5 and 6 ([CSV file download link](#))

Class of Instrument	Shares – Tick size liquidity bands 3 and 4 (from 80 to 1999 trades per day)				
Notification if <1 average trade per business day in the previous year	No				
Top five execution venues ranked in terms of trading volumes (descending order)	Proportion of volume traded as a percentage of total in that class	Proportion of orders executed as percentage of total in that class	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders
Interactive Brokers LLC LEI: 500BSE5T5521O6SMZR28	100	100	0	100	0

Table 3: Top execution venues 2018 for shares. Liquidity bands 3 and 4 ([CSV file download link](#))

Class of Instrument	Shares – Tick size liquidity band 1 and 2 (from 0 to 79 trades per day)				
Notification if <1 average trade per business day in the previous year	Yes				
Top five execution venues ranked in terms of trading volumes (descending order)	Proportion of volume traded as a percentage of total in that class	Proportion of orders executed as percentage of total in that class	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders
Interactive Brokers LLC LEI: 500BSE5T552106SMZR28	100	100	0	100	0

Table 4: Top execution venues 2018 for shares. Liquidity bands 1 and 2 ([CSV file download link](#))

During the year under review:

1. There were no changes to the list of available execution venues / brokers for shares;
2. We did not have clients, who were either *per se* professional clients or elected to be treated as such in respect to shares;
3. We did not accept directed orders in respect to which a client would be able to manually specify the execution venue or a counterparty to initiated transaction.

Shares – Execution factors and their relative importance

In relation to execution of transactions in shares (any liquidity band), we consider and monitor several factors:

1. total consideration represented by the sum of the price of the financial instrument and, if applicable, any third-party costs related to execution (e.g. clearing and settlement fees);
2. speed of execution and settlement;
3. likelihood of execution and settlement;
4. type and size of the order and transaction and its market impact.

For retail and professional clients, the best possible result of order execution is determined in terms of the total consideration.

The main way in which we seek to provide this is by redistributing live prices from relevant market as received from an authorized market data distributor. We continuously monitor the streamed price flow for manifest errors in it. All instruments have reasonable price filtering conditions which prevent most of the manifest errors such as price spikes. Our executing broker in shares applies smart order routing technology to execution of orders flow arising from trading activity of our clients. Smart order routing technology allows to receive automatic occasional price improvements that are then passed on to the client in a form of a more beneficial order execution price.

Speed of execution

Whilst the best result is determined in terms of total consideration, speed of execution provided is carefully and continually monitored to ensure that speed of execution by liquidity providers, executing brokers and other execution venues selected by us is comparable to the speed of execution provided by other similar liquidity providers or brokers for the same class of instruments.

Likelihood of execution and settlement

Likelihood of execution is also carefully considered and continually monitored to ensure that brokers and other execution venues are consistently able to provide order execution and settlement on their advertised terms during service hours.

We also pay attention to frequency and duration of any system outages of used brokers and execution venues.

Ordinarily we do not engage into offering of full lists of available shares from selected regulated markets and aim at limiting our range of accessible shares to liquid shares only.

Type and size of the order

Type and size of the order can be relevant to execution where a service provider may be unwilling temporarily or permanently to onboard certain risks. All our financial instruments have predefined minimum / maximum order sizes as well as order size increment rules. These rules are designed to reflect the rules of liquidity providers and executing brokers. The purpose of these rules is to technically prevent submission of orders of sizes that cannot be filled. This aspect is carefully considered and monitored to ensure that liquidity providers, executing brokers and other execution venues are consistently able to provide execution and settlement of supported order sizes.

Shares – close links, common ownership and conflict of interests

We do not share any close links, conflicts of interests or common ownership with any of executing brokers or execution venues on whom we may place significant reliance during the execution of orders of our clients.

Shares – Monitoring tools and data

In 2018 AM has been using the following reporting suite for monitoring the execution quality:

1. Execution quality report

A tool designed for analysis of execution quality statistics, showing the slippage and rejection rates as well as execution time, with the following granularity levels: overall; split by trade size ranges; split by instruments. This tool is accompanied with a periodic report containing a sample of randomly picked client transactions for assessment of deviations of the effective execution price from the indicative price quoted immediately before the start of execution.

2. Other statistical report

A tool designed for analysis of execution quality of liquidity providers, providing rejection rates and average execution time split by Liquidity Provider.

3. Spread report

A tool designed for detecting extreme spread values of liquidity providers, providing average and maximum spreads by LPs and instruments.

4. Complaints about our service

Every complaint about execution is being thoroughly investigated pursuant to well documented process by qualified staff. In some cases root causes of received complaints may provide further ideas for enhancement of our execution monitoring tools or may initiate a review of effective agreements with relevant liquidity providers.

During the reported period AM did not use the output of a Consolidated Tape Provider ("CTP") in its monitoring tools and reports.

Shares – Conclusions based on the observed outcomes of execution of client orders during 2018.

Based on statistical observations of the outcomes and important factors within the order execution process, we find that we took all sufficient steps to obtain best possible execution results for client orders. The selected sole executing broker to whom we routed client orders delivered anticipated satisfactory results. The platform performed without issues, and the speed of execution was sufficiently high.

We did not observe any specific issues relating to the quality of the total consideration available for clients through 2018. Even where there was extreme market turbulence, such as during political events of greater magnitude, we consider that we were able to offer fair prices to our clients.

3. Exchange-Traded Funds

In respect to ETFs we treated all our clients as retail clients.

In relation to each transactions in ETFs within the year under review we received and transmitted client orders for execution by another investment firm (a "broker")

We did not hold memberships to any venues or exchanges that may be known as the most relevant or alternative markets to any ETFs that we offer via our trading platform.

The following list of execution venues is provided to give transparency to the executing brokers used by us to operate our service model for ETFs.

Table 3 – Top execution venues in 2018 (ETFs)

Class of Instrument	Exchange-traded Funds				
Notification if <1 average trade per business day in the previous year	Yes				
Top five execution venues ranked in terms of trading volumes (descending order)	Proportion of volume traded as a percentage of total in that class	Proportion of orders executed as percentage of total in that class	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders
Interactive Brokers LLC LEI: 500BSE5T552106SMZR28	100	100	0	100	0

 Table 5: Top execution venues 2018 for ETFs ([CSV file download link](#))

During the year under review:

1. There were no changes to the list of available execution venues / brokers for ETFs;
2. We did not have clients, who were either *per se* professional clients or elected to be treated as such in respect to ETFs;
3. We did not accept directed orders in respect to which a client would be able to manually specify the execution venue or a counterparty to initiated transaction.

ETFs – Execution factors and their relative importance

In relation to execution of transactions in ETFs, we consider and monitor several factors:

1. total consideration represented by the sum of the price of the financial instrument and, if applicable, any third-party costs related to execution (e.g. clearing and settlement fees);
2. speed of execution and settlement;
3. likelihood of execution and settlement;
4. type and size of the order and transaction and its market impact.

For retail and professional clients, the best possible result of order execution is determined in terms of the total consideration.

The main way in which we seek to providing this is by redistributing live prices from relevant market as received from an authorized market data distributor. We continuously monitor the streamed price flow for manifest errors in it. All instruments have reasonable price filtering conditions which prevent most of the manifest errors such as price spikes.

Speed of execution

Whilst the best result is determined in terms of total consideration, speed of execution provided is carefully and continually monitored to ensure that speed of execution by liquidity providers and other execution venues selected by us is comparable to the speed of execution provided by other similar liquidity providers for the same class of instruments.

Likelihood of execution and settlement

Likelihood of execution is also carefully considered and continually monitored to ensure that liquidity providers and other execution venues are consistently able to provide order execution and settlement on their advertised terms during service hours.

We also pay attention to frequency and duration of any system outages of used liquidity providers and execution venues.

Ordinarily we do not engage into offering of full lists of available ETFs from selected regulated markets and aim at limiting our range of accessible ETFs to liquid ETFs only.

Type and size of the order

Type and size of the order can be relevant to execution where a liquidity provider may be unwilling temporarily or permanently to onboard certain risks. All our financial instruments have predefined minimum / maximum order sizes as well as order size increment rules. These rules are designed to reflect the rules of liquidity providers. The purpose of these rules is to technically prevent submission of orders of sizes that cannot be filled. This aspect is carefully considered and monitored to ensure that liquidity providers, executing brokers and other execution venues are consistently able to provide execution and settlement of supported order sizes.

ETFs – close links, common ownership and conflict of interests

We do not share any close links, conflicts of interests or common ownership with any of executing brokers or execution venues on whom we may place significant reliance during the execution of orders of our clients.

ETFs – Monitoring tools and data

In 2018 AM has been using the following reporting suite for monitoring the execution quality:

1. Execution quality report

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