

## **ADMIRAL MARKETS CYPRUS LTD EXECUTION QUALITY SUMMARY STATEMENT 2019**

*Effective Date 15 June 2020*

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 Admiral Markets Cyprus Ltd executed client orders during the year 2019.

**Admiral Markets Cyprus Ltd (the “Company”) urges its clients and potential clients to read this Statement carefully and in conjunction with Company’s Order Execution Policy, as it also contains information on how the Company executes orders of clients, how the Company treats various execution factors and what steps the Company undertakes in order to obtain best possible order execution results on a consistent basis.**

During the relevant period, the Company has been providing an online trading platform for the purpose of allowing its clients to trade **Contracts for Difference (“CFDs”)** in it. It has been providing investment services solely in respect to CFDs and has been categorizing its clients as retail clients and as elective professional clients.

Although the Company categorized clients differently, the Company’s technical infrastructure is configured so that transactions initiated by either a retail or professional client would be treated in the same way without any differentiation on the client category.

In relation to each CFD transaction within the reported period, the Company facilitated the reception and transmission of client orders in CFDs for execution by another investment firm (a “Liquidity Provider”) within the same financial group of Admiral Markets companies. Both, the Company and referred Liquidity Provider are fully owned by one and same financial holding company – Admiral Markets Group AS.

Considering the aforesaid order execution route as well as an over-the-counter nature of CFDs, each and every time a client deals with the Company and not with the underlying market. Upon reception of the client order, the Company transmits the order to the selected intragroup Liquidity Provider that acts in both the execution venue and executing investment firm capacities at the same time.

The Liquidity Provider to whom the Company transmits clients’ orders may either act as a market maker in relation to any particular transaction or enter into a transaction on similar terms with another liquidity provider or a regulated market or MTF/OTF within EEA or equivalent in a non-EEA jurisdiction.

Given the bilateral nature of CFD contracts and the structure of the Company’s CFD trading service that relies on single intragroup Liquidity Provider, all client orders, regardless of the type, name and purpose as may differentiate in Company’s trading platform, are transmitted to the Liquidity Provider as aggressive orders. i.e. orders that reduce available liquidity.

The transmission of all received trade orders is carried out by the Company based on “first come first served” rule, i.e. the timestamp of a received transaction request is the only factor of ranging in the orders queue. However, it should not mean that next orders can be only transferred to the execution venue only after the earlier orders have been

fully executed. The queuing of orders relates only to the transmission of them to the executing venue, thus an example order “11” received by the Company earlier than the order “22” must be transferred for execution earlier, however the order “22” may complete the full execution cycle earlier than the order “11” due to differences in selected instruments and/or in details of the order itself.

## CFDs – Top execution venues in 2019

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 2019 ([CSV file download link](#))

During the year under review:

1. the Company did not provide any financial instruments other than CFDs;
2. there were no changes to the list of available execution venues for contracts for difference;
3. the Company 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.

## CFDs – Execution factors and their relative importance

In relation to execution of transactions, the Company considers and monitors 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 Company’s retail and professional clients, the best possible result of order execution is determined in terms of the total consideration.**

The main way in which the Company seeks to providing 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 the Company gives the highest relative importance.

The Company redistributes live prices of the Liquidity Provider to clients without any modifications or price mark-ups. The Liquidity Provider in turn generates its indicative prices for CFD products from quotes sourced from third-party liquidity providers and executing venues which are then aggregated using an aggregator system into a best bid and best offer quotes.

The Company continuously monitors 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. The company will not accept a liquidity provider that does not provide price improvement.

#### 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 the Company 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. The company also pays 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 Company's 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 that govern acceptable trade sizes. 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**

The Company and Admiral Markets AS are members of the Admiral Markets Group, under common ownership. The Company has an outsourcing agreement with Admiral Markets AS whereby it provides a number of services that are necessary for provision of investment services by the Company, e.g. IT administration and development, preparation of marketing materials, second line of customer support.

Furthermore, Admiral Markets AS acts as the liquidity provider also to all other financial services companies under common ownership based on intragroup liquidity provision agreements that assume payments for the order flow. Such intragroup payments were the main source of revenues of the Company during the reported period. The Company did

not charge any price markups or commissions on top of instrument prices it received from the Liquidity Provider during the reported period.

The potential conflict of interest is mitigated by following facts and measures:

1. Admiral Markets AS is a regulated investment firm incorporated in the Republic of Estonia and supervised by the Estonian Financial Supervision Authority;
2. Admiral Markets AS is subject to all EU financial services regulations including the obligation to take all sufficient steps to obtain best possible results when executing trade orders of clients. This includes also orders transferred by the Company;
3. Admiral Markets AS is subject to various transparency requirements such as periodic publication of audited financial accounts and of statistical overviews of the quality of execution of transactions;
4. The management of the Company has sufficient insight into internal processes of Admiral Markets AS.
5. The Company provides execution-only type of investment services which means that it is solely up to Company's client to decide whether or not to initiate a transaction in any of the available instruments.
6. Both the Company and Admiral Markets AS are aware of the potential situations of conflict of interests throughout the complete cycle of order execution of Company's client. Both the Company and Admiral Markets AS instilled adequate policies for identification, management, prevention and/or disclosure of such situations.

## **CFDs – Monitoring tools and data**

In 2019 the companies of Admiral Markets Group have 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.

### **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. Quarterly execution reports of the selected Liquidity Provider**

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 Company's execution monitoring tools or may initiate a review of effective agreements with selected liquidity providers.

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

### **CFDs – Conclusions based on the observed outcomes of execution of client orders during 2019.**

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

<b>CFDs – Market orders</b>				
Liquidity provider and LEI	Execution speed	Rejection rate	Orders with positive price slippage, % of total	Orders with negative price slippage, % of total
Admiral Markets AS LEI: 549300QE3BN5Y1FE7M41	201ms	0.0007%	19.68%	19.13%

The Company did not observed any specific issues relating to the quality of the total consideration available for clients through 2019. Even where there was extreme market turbulence, such as during political events of a greater magnitude, the Company was able to provide fair prices to its clients.