

ADMIRAL MARKETS CYPRUS LTD

EXECUTION QUALITY SUMMARY STATEMENT 2020

Effective Date of 30.04.2021

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 2020.

Admiral Markets Cyprus Ltd (hereinafter “Company” or “we”) urges its clients and potential clients to read this statement carefully and in conjunction with the Order Execution Policy and the Terms of Securities Trading, as these documents also contain 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 *elective 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 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 the 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 2020

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 2020 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 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 we seek to provide this is by looking at the calculation of final bid/offer prices used to execute client transactions to ensure that due regard is given to the market price for the underlying reference product to which the transaction relates. Further any fees of third-parties that are directly related to the execution of order (such as trading venue fees) form part of the total consideration that we give 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 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

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 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 2020 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 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 liquidity providers 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 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 2020.

Based on statistical observations of the outcomes and important factors within the order execution process, Company finds that it took all sufficient steps to obtain best possible execution results for client orders. The selected sole Liquidity Provider to whom Company 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 2020.

	Execution speed, milliseconds	Rejection Rate,%	Orders with positive price slippage, % of total	Orders with negative price slippage, % of total
CFDs - market orders	198 ms	0.19%	20.94	20.35

2. Shares

In respect to Shares 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 transaction in shares within the year under review we received and transmitted client orders for execution by another investment firm (an “Executing Broker”) within the same financial group of Admiral Markets companies. Both, Company and all Executing Brokers are fully owned by one and the same financial holding company – Admiral Markets Group AS.

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.

Shares – Top execution venues in 2020

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
Admiral Markets AS LEI: 549300QE3BN5Y1FE7M41	82.45	64.51	0	100	0
Admiral Markets Pty Ltd LEI: 5493007X8GXJXQZVC42	17.55	35.49	0	100	0

Table 2: Top execution venues 2020 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
Admiral Markets AS LEI: 549300QE3BN5Y1FE7M41	78.26	76.07	0	100	0
Admiral Markets Pty Ltd LEI: 5493007X8GXJXQZVC42	21.74	23.93	0	100	0

Table 3: Top execution venues 2020 for shares. Liquidity bands 3 and 4 ([CSV file download link](#))

Class of Instrument	Shares – Tick size liquidity bands 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
Admiral Markets AS LEI: 549300QE3BN5Y1FE7M41	94.16	88.34	0	100	0
Admiral Markets Pty Ltd LEI: 5493007X8GXJXQZVC42	5.84	11.66	0	100	0

Table 4: Top execution venues 2020 for shares. Liquidity bands 1 and 2 ([CSV file download link](#))

During the year under review 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 of the Executing Broker to clients without any modifications or price mark-ups. The Executing Broker in turn generates its indicative live prices for shares based on prices received from a market data distributor. We continuously monitor the streamed price flow for manifest errors in it.

Additionally price improvement is considered and monitored. We will not accept an executing broker 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, 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 in offering 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

Company, Admiral Markets AS and Admiral Markets Pty Ltd are members of the Admiral Markets Group, under common ownership. 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 Company, e.g. IT administration and development, preparation of marketing materials, second line of customer support and other services that may be deemed permanently or temporarily required for business operations of Company.

Furthermore, Admiral Markets AS and Admiral Markets Pty Ltd act as executing brokers also to other financial services companies under common ownership based on intra group liquidity provision agreements that assume payments for the order flow. Such intra group payments were the main source of revenues of the Company during the reported period. Company did not charge any price markups on top of instrument prices it received from the executing broker during the year under review.

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. Admiral Markets Pty Ltd is also a licensed financial services firm incorporated in the Commonwealth of Australia and supervised by the Australian Securities and Investments Commission;

2. Both Admiral Markets AS and Admiral Markets Pty Ltd are subject to all financial services regulations in their jurisdictions, including regulations governing obligations to obtain best possible order execution results for their clients on a consistent basis;
3. The management of Company has sufficient insight into the internal processes of Admiral Markets AS and Admiral Markets Pty Ltd.
4. Company provides execution-only type of investment services which means that it is solely up to the client to decide whether or not to initiate a transaction in any of the available instruments.
5. Company, Admiral Markets Pty Ltd 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. Company, Admiral Markets Pty Ltd and Admiral Markets AS instilled adequate policies for identification, management, prevention and/or disclosure of such situations.

Shares – Monitoring tools and data

In 2020 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 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. 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 2020.

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 executing brokers to whom we routed client orders delivered anticipated satisfactory results. The platform performed without issues and observed execution metrics remained within reasonably expected range of values for this class of instrument. It should be noted, however, that considerably higher share of orders executed at price better than what was quoted in the platform is related to the fact that we receive indicative price streams from alternative trading venues which are typically not the most relevant and liquid market for a particular share. Therefore when an order in shares is executed on the most relevant market, the obtained execution price is often more beneficial to a client than the indicative price quoted prior to execution.

We did not observe any specific issues relating to the quality of the total consideration available for clients through 2020.

	Execution speed, milliseconds	Rejection Rate,%	Orders with positive price slippage, % of total	Orders with negative price slippage, % of total
Shares - all liquidity bands, market orders.	458 ms	4.87%	60.83%	14.17%

3. Exchange-Traded Funds

In respect to ETFs 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 transactions in ETFs within the year under review we received and transmitted client orders for execution to 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.

ETFs – Top execution venues in 2020

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
Admiral Markets AS LEI: 549300QE3BN5Y1FE7M41	78.24	83.33	0	100	0
Admiral Markets Pty Ltd LEI: 5493007X8GXJXQZVC42	21.76	16.67	0	100	0

Table 5: Top execution venues 2020 for Exchange-traded funds ([CSV file download link](#))

During the year under review 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 provide this is by redistributing live prices of the Executing Broker to clients without any modifications or price mark-ups. The Executing Broker in turn generates its indicative live prices for ETFs based on prices received from a market data distributor. We continuously monitor the streamed price flow for manifest errors in it.

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

Company, Admiral Markets AS and Admiral Markets Pty Ltd are members of the Admiral Markets Group, under common ownership. 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 Company, e.g. IT administration and development, preparation of marketing materials, second line of customer support and other services that may be deemed permanently or temporarily required for business operations of Company.

Furthermore, Admiral Markets AS and Admiral Markets Pty Ltd act as executing brokers also to other financial services companies under common ownership based on intra group liquidity provision agreements that assume payments for the order flow. Such intra group payments were the main source of revenues of Company during the reported period. Company did not charge any price markups on top of instrument prices it received from the executing broker during the year under review.

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. Admiral Markets Pty Ltd is also a licensed financial services firm incorporated in the Commonwealth of Australia and supervised by the Australian Securities and Investments Commission;
2. Both Admiral Markets AS and Admiral Markets Pty Ltd are subject to all financial services regulations in their jurisdictions, including regulations governing obligations to obtain best possible order execution results for their clients on a consistent basis;
3. The management of the Company has sufficient insight into internal processes of Admiral Markets AS and Admiral Markets Pty Ltd.
4. Company provides execution-only type of investment services which means that it is solely up to client to decide whether or not to initiate a transaction in any of the available instruments.
5. Both Company, Admiral Markets Pty Ltd 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. Company, Admiral Markets Pty Ltd and Admiral Markets AS instilled adequate policies for identification, management, prevention and/or disclosure of such situations.

ETFs – Monitoring tools and data

In 2020 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 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. 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.

ETFs – Conclusions based on the observed outcomes of execution of client orders during 2020.

We note that the total number of client trades in this class of instruments was low; therefore, a sample of trades available for statistical observations was not sufficiently representative.

Nonetheless, we see that the selected executing brokers to whom we routed client orders in ETFs 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 2020.