

ADMIRAL MARKETS AS EXECUTION VENUES REPORT AND EXECUTION QUALITY SUMMARY STATEMENT

Effective Date 30 April 2018

There is set out below 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 2017 for Admiral markets UK Ltd.

During the relevant period, Admiral Markets UK Ltd has provided an online trading platform platform for the purpose of allowing its clients to trade CFD's it. It has provided solely one class of financial instruments and has treated all its clients as a retail client. In relation to each CFD transaction, Admiral Markets UK Ltd acts as principal on a matched principal basis. This means that on entering into a transaction it will enter into a back to back transaction with its liquidity provider on the same terms. As a result, a client will be dealing with Admiral Markets UK Ltd and not the underlying market. The liquidity provider may either act as a market maker in relation to the particular transaction or enter into a transaction in similar terms with another liquidity provider or a regulated market or MTF/OTF or equivalent in a non-EEA jurisdiction.

The top execution venues in 2017

Class if Instrument	CFDs				
Notification if <1 average trade per business day in the previous year ²	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	86.4	66.86	59.71	67.65	0
CFH Clearing Ltd 549300FSY1BKNGVUOR59	4.84	14.61	17.16	14.33	0
LMAX Limited LEI:21380034TU2TI8CNZ578	2.75	6.95	9.01	6.72	0
CMC Markets UK plc 213800IU529ADVZ1GL50	2.67	3.76	3.71	3.77	0
Forex Capital Markets Ltd 549300S24DMOQB7FX206	2.4	5.09	7.92	4.77	0

We have access to a number of different data sources in order to ascertain the market price, which is our objective view of the bids and offers available to arms' length traders.

In relation to execution of transactions, Admiral Markets UK Ltd considers and monitors the following factors:

- a. total consideration (the sum of the price of the financial instrument and the costs related to execution. There are no expenses incurred by the client directly related to the execution of the Order, such as trading venue fees, clearing and settlement fees, and any other fees paid to third parties involved in the execution of the order;
- b. speed of execution and settlement;
- c. likelihood of execution and settlement
- d. the type and size of the order and transaction and its market impact;
- e. other factors that the Investment Firm believes to have significance for the execution of the order.

Total consideration

For our retail clients, the best possible result is determined in terms of the total consideration. Total consideration is the sum of the price of the financial instrument.

The main way in which we look to providing this is by looking at the calculation of our bid/offer prices used to execute client transaction to see that due regard to the market price for the underlying reference product to which your transaction relates. This is monitored on a constant basis by the company through analysis of spread reporting and also a transaction sampling process.

There will be consideration and continuous assessment of the ability of the third party liquidity provider or execution venue ability to provide prices that are consistent with being able to provide best execution to clients.

In addition, client complaints are examined with a view to ensuring that Admiral Markets UK Ltd provides best execution.

Admiral Markets UK Ltd has not observed any specific issues relating to the quality of the total consideration available for clients through 2017. Even where there has been extreme market turbulence, such as during national elections, Admiral Markets UK Ltd considers that it has been in a position to offer prices that are fair to its clients.

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 execution by liquidity providers and other execution venues are able to provide speed of execution that is consistent with providing best execution. Speed of execution can impact of the ability of Admiral Markets UK Ltd to provide execution where with minimum price slippage. Where a liquidity provider has persistent issues with delayed execution that are not addressed within a reasonable timeframe, it will be no longer be used.

Other than where the underlying is a cryptocurrency, there have been no issues in relation to speed of execution. For cryptocurrency CFD's, there were substantial issues in relation to filling orders through Q4 of 2017 which were general through the industry and clients were made aware of these issues.

There is set out below data relating to the execution speed of the five top liquidity providers.

Likelihood of execution and settlement

Likelihood of execution is also carefully considered and continually monitored to ensure that execution by liquidity providers and other execution venues are able to provide execution and settlement that is consistent with providing best execution. Where a liquidity provider has persistent issues with abnormally high rejection rates that cannot be resolved within reasonable terms, it will be no longer be used.

Other than where the underlying is a cryptocurrency, there have been no issues in relation to likelihood of execution. For cryptocurrency CFD's, there were substantial issues in relation to filling orders through Q4 of 2017 which were general through the industry and clients were made aware of these issues.

There is set out below data relating to the rejection rate of the five top liquidity providers.

Type and size of the order

Type and size of the order can be relevant to execution where a liquidity provider may be unwilling to onboard certain risks. In such cases the order will be passed to a liquidity provider where the proposed transactions come within its risk parameters. It should be noted that Admiral Markets UK Ltd will not accept directed orders. This aspect is carefully considered and continually monitored to ensure that execution by liquidity providers and other execution venues are able to provide execution and settlement that is consistent with providing best execution.

Other factors

1. Admiral Markets UK Ltd considers and continuously monitors for manifest errors. All instruments have reasonable price filtering conditions which prevent most of the manifest errors such as price spikes; LPs who tend to have persistent issues with manifest errors such as price spikes will no longer be used.

No issues with persistent manifest errors have been observed during 2017 due to the firm's robust technology providing certain degree of protection through price filtering, as well as because of using the pricing of regulated firms.

2. Price improvement and slippage symmetry is considered and continually monitored; Admiral Markets UK Ltd will not accept a liquidity provider that that does not provide price improvement. Liquidity providers that have persistent issues with asymmetric slippage that cannot be resolved within reasonable time will no longer be used.

3. The system uptime is an important factor for instruments with a single liquidity provider. It is carefully considered and monitored and where there are persistent issues that can impact on pricing availability caused by external factors such as system outages, remedial steps will be taken.

No persistent issues related to uptime of any liquidity providers have been observed during 2017.

Liquidity provider and LEI	Execution speed, ms	Rejection Rate, %	Slippage Rates, Positive Slippage %	Negative Slippage, %
Admiral Markets AS LEI:549300QE3BN5Y1FE7M41	146	0.002822513	15.79	28.71
CFH Clearing Ltd 549300FSY1BKNGVUOR59	106	0.000265314	14.09	35.61
LMAX Ltd 21380034TU2TI8CNZ578	65	0.00555348	15.08	21.36
CMC Markets UK plc 213800IU529ADVZ1GL50	95	0.000458379	15.95	22.69
Forex Capital Markets Ltd 549300S24DMOQB7FX206	151	0.000257538	12.57	31.64

Admiral Markets UK Ltd, Admiral Markets AS and Admiral Markets Cyprus Ltd are members of the Admiral Markets Group, under common ownership. Admiral Markets UK Ltd has an outsourcing agreement with Admiral Markets AS whereby it provides a number of services. Furthermore, Admiral Markets AS acts as liquidity provider to the companies under common ownership. The potential conflict of interest is mitigated by Admiral Markets AS having a number of different liquidity providers and by the monitoring of execution quality and prices offered to its clients.

Execution venues

During 2017 there have been no changes in execution venues arising from the execution factors.

Monitoring tools

In 2017 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 statistics report

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

3. Spread report

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

4. ECN Spread monitoring

A tool designed for tracking the pricing dynamics of external counterparties in order to deliver the published target spreads, with the data split by LPs and instruments and showing changes against the target spread value.