

ADMIRAL MARKETS UK EXECUTION QUALITY SUMMARY STATEMENT 2018

Effective Date 30 April 2019

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 2018 for Admiral Markets UK Ltd.

Admiral Markets UK Ltd (hereinafter “AM UK” or “we”) urges its clients and potential clients to read this Statement carefully and in conjunction with the Best 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, we act as principal on a matched principal basis. This means that on entering into a transaction with client, we will enter into a back-to-back transaction with another investment firm (a “Liquidity Provider”) within the same financial group of Admiral Markets companies. As a result, a client will be dealing with AM UK 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. Both, AM UK and the referred intragroup Liquidity Provider are fully owned by one and same financial holding company – Admiral Markets Group AS.

Given the bilateral nature of CFDs and the structure of our CFD trading service that relies on single intragroup Liquidity Provider, 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.

The following list of execution venues is provided to give transparency to the venues and liquidity providers used by us to operate our matched-principal service model for CFDs.

CFDs – Top execution venues in 2018

Class of Instrument	Contracts for difference					
	Notification if <1 average trade per business day in the previous year	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	No	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 redistribute live prices of the Liquidity Provider to our 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.

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. We 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

AM UK and Admiral Markets AS are members of the Admiral Markets Group, under common ownership. AM UK has an outsourcing agreement with Admiral Markets AS whereby it provides a number of services that are necessary for provision of investment services by AM UK, e.g. IT administration and development, preparation of marketing materials, second line of customer support and a few other services that may be deemed permanently or temporarily required for business operations of AM UK.

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 payments were the main source of revenues of AM UK during the reported period. AM UK did not charge any price markups on top of instrument prices it received from Admiral Markets AS 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;
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 AM UK;
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 AM UK has sufficient insight into internal processes of Admiral Markets AS.

5. AM UK 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.
6. Both AM UK and Admiral Markets AS are aware of the potential situations of conflict of interests throughout the complete cycle of order execution of AM UK`s client. Both AM UK and Admiral Markets AS instilled adequate policies for identification, management, prevention and/or disclosure of such situations.

CFDs – Monitoring tools and data

In 2018 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. 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 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 UK 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.

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	2017: 127 ms 2018: 212 ms	2017: 0.0201% 2018: 0.0514%	2017: 14.25% 2018: 19.86%	2017: 20.02% 2018: 22.70%

Based on statistical observations of the outcomes and important factors within the order execution process, AM UK finds that it took all sufficient steps to obtain best possible execution results for client orders. The selected sole Liquidity Provider to whom AM UK 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 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, AM UK and referred Executing Broker are fully owned by one and 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 executing brokers 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 executing brokers 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 2: Top executing brokers 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	Yes				
Top five executing brokers 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 3: Top executing brokers 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 executing brokers 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 4: Top executing brokers 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 executing brokers for shares;
2. There was no difference in how we treated orders of our retail and professional clients and transmitted them for execution;
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 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. All instruments have reasonable price filtering conditions which prevent most of the manifest errors such as price spikes. Additionally price improvement 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 brokers, liquidity providers and other execution venues selected by us is comparable to the speed of execution provided by other similar execution service 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 brokers, 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 brokers, liquidity providers 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 broker or 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 brokers, liquidity providers 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

AM UK and Admiral Markets AS are members of the Admiral Markets Group, under common ownership. AM UK has an outsourcing agreement with Admiral Markets AS whereby it provides a number of services that are necessary for provision of investment services by AM UK, 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 AM UK.

Furthermore, Admiral Markets AS acts as the liquidity provider and executing broker also to all other financial services companies under common ownership based on intragroup liquidity provision agreements that assume payments for the order flow. Such payments were the main source of revenues of AM UK during the reported period. AM UK 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;
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 AM UK;
3. Admiral Markets AS is subject to various transparency requirements such as periodic publication of audited financial accounts;
4. The management of AM UK has sufficient insight into internal processes of Admiral Markets AS.
5. AM UK 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.
6. Both AM UK and Admiral Markets AS are aware of the potential situations of conflict of interests throughout the complete cycle of order execution of AM UK`s client. Both AM UK and Admiral Markets AS instilled adequate policies for identification, management, prevention and/or disclosure of such situations.

Shares – Monitoring tools and data

In 2018 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. 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 UK 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.

Conclusions were made based on executed orders in shares that fall within the tick size liquidity band 5 and 6 (i.e. most liquid shares with over 2000 trades a day in their most relevant markets). Amount of executed orders in shares of other classes was not representative to provide a meaningful qualitative overview

Executing broker 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	2017: N/A 2018: 437 ms	2017: N/A 2018: 2.2977%	2017: N/A 2018: 48.59%	2017: N/A 2018: 17.64%

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 relation to each transaction in ETFs 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, AM UK and referred Executing Broker are fully owned by one and 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 ETFs that we offer via our trading platform.

ETFs – Top executing brokers in 2018

Class of Instrument	Exchange-traded Funds				
Notification if <1 average trade per business day in the previous year	Yes				
Top five executing brokers 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 5: Top executing brokers 2018 for ETFs ([CSV file download link](#))

During the year under review:

1. There were no changes to the list of available executing brokers for ETFs;
2. There was no difference in how we treated orders of our retail and professional clients and transmitted them for execution;
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 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. All instruments have reasonable price filtering conditions which prevent most of the manifest errors such as price spikes. Additionally price improvement considered and monitored. We will not accept a liquidity provider or 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 brokers, liquidity providers and other execution venues selected by us is comparable to the speed of execution provided by other similar execution services 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 brokers, 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 brokers, 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 broker or 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 brokers and 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 brokers and liquidity providers 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

AM UK and Admiral Markets AS are members of the Admiral Markets Group, under common ownership. AM UK has an outsourcing agreement with Admiral Markets AS whereby it provides a number of services that are necessary for provision of investment services by AM UK, 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 AM UK.

Furthermore, Admiral Markets AS acts as the liquidity provider and executing broker also to all other financial services companies under common ownership based on intragroup liquidity provision agreements that assume payments for the order flow. Such payments were the main source of revenues of AM UK during the reported period. AM UK 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;
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 AM UK;
3. Admiral Markets AS is subject to various transparency requirements such as periodic publication of audited financial accounts;
4. The management of AM UK has sufficient insight into internal processes of Admiral Markets AS.
5. AM UK 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.
6. Both AM UK and Admiral Markets AS are aware of the potential situations of conflict of interests throughout the complete cycle of order execution of AM UK`s client. Both AM UK and Admiral Markets AS instilled adequate policies for identification, management, prevention and/or disclosure of such situations.

ETFs – Monitoring tools and data

In 2018 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. 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 UK 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 2018.

Amount of executed orders in ETFs was not representative to provide a meaningful qualitative overview, however, based on statistical observations of the outcomes and important factors within the order execution process on the example of few selected trades, 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.



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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.