

# ADMIRAL MARKETS UK 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 UK Ltd executed client orders during the year 2020.

**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 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 may be 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 based upon the client category.

In relation to each CFD transaction, we act as principal on a matched principal basis. This means that upon entering into a transaction with a 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 with the underlying market.

The Liquidity Provider may either act as a market maker in relation to the particular transaction or enter into a transaction on 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 intragroup Liquidity Provider are fully owned by the 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 a single intragroup Liquidity Provider, we classify all client orders in this asset class as aggressive orders, regardless of the order type, name and purpose as may differentiate in our trading platform. Aggressive orders are orders that reduce available liquidity or liquidity providers’ willingness to deal at particular 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 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;

## 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 a client transaction to ensure that due regard is given to the market price for the underlying reference product to which the transaction relates. Furthermore, any third-party fees that are directly related to the execution of an order (such as trading venue fees) form part of the total consideration that we assign 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.

We continuously monitor the streamed price flow for manifest errors. 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**

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 intragroup 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 purely at the discretion of the 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 2020 AM UK 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 thoroughly investigated pursuant to a 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, AM UK considers 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 2020.

	Execution speed, milliseconds	Rejection Rate,%	Orders with positive price slippage, % of total	Orders with negative price slippage, % of total
CFDs	202 ms	0.89%	21.43%	20.87%

## 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 based upon 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, AM UK 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	94.87	83.7	0	100	0
Admiral Markets Pty Ltd LEI: 5493007X8GXJXQZVC42	5.13	16.3	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	97.62	91.51	0	100	0
Admiral Markets Pty Ltd LEI: 5493007X8GXJXQZVC42	2.38	8.49	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	97.56	97.19	0	100	0
Admiral Markets Pty Ltd LEI: 5493007X8GXJXQZVC42	2.44	2.81	0	100	0

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

In order to be able to offer to our clients new stock markets to trade and improve our service availability arrangements, we entered into a business relationship with an affiliated company,

Admiral Markets Pty Ltd in Australia, a wholly owned subsidiary of Admiral Markets Group AS (our parent company);

## 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 the 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**

AM UK, Admiral Markets AS and Admiral Markets Pty Ltd 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 and Admiral Markets Pty Ltd also act as the liquidity provider and executing brokers 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 for AM UK during the reported period. AM UK did not charge any price markups on top of instrument prices that it received from the executing broker during the year under review.

This potential conflict of interest is mitigated by the following:

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 relevant 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 AM UK has sufficient insight into the internal processes of Admiral Markets AS and Admiral Markets Pty Ltd.
4. AM UK provides execution-only investment services which means that it is solely up to the discretion of the client to decide whether or not to initiate a transaction in any of the available instruments.
5. AM UK, 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 for AM UK's clients. AM UK, Admiral Markets Pty Ltd and Admiral Markets AS have, therefore, implemented adequate policies for identification, management, prevention and/or disclosure of such potential 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 thoroughly investigated pursuant to well documented procedures, 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 a considerably higher share of orders executed at a price better than quoted by 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 a share 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	342 ms	5.8%	64.23%	15.03%

### 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 based upon the client category.

In relation to each transactions in ETFs during 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	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	94.9	90.54	0	100	0
Admiral Markets Pty Ltd LEI: 5493007X8GXJXQZVC42	5.1	9.46	0	100	0

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

In order to be able to offer to our clients new ETF products to trade and improve our service availability arrangements, we entered into business relationship with an affiliated company Admiral Markets Pty Ltd in Australia, a wholly owned subsidiary of Admiral Markets Group AS (our parent company);

## 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 in the 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**

AM UK, Admiral Markets AS and Admiral Markets Pty Ltd 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 and Admiral Markets Pty Ltd act as executing brokers also to other financial services companies under common ownership based upon intragroup liquidity provision agreements that assume payments for the order flow. Such intragroup payments were the main source of revenues for 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 conflicts of interest are mitigated by following:

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 relevant 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 AM UK has sufficient insight into internal processes of Admiral Markets AS and Admiral Markets Pty Ltd.
4. AM UK provides execution-only investment services which means that it is each client's sole discretion whether or not to initiate a transaction in any of the available instruments.
5. Both AM UK, 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 AM UK's client. AM UK, Admiral Markets Pty Ltd and Admiral Markets AS have, therefore, implemented 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 thoroughly investigated pursuant to well documented procedures 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. It should be noted, however, that a considerably higher share of orders executed at a price better than that quoted on the platform is due 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 ETF. Therefore when an order in ETFs 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.

	Execution speed, milliseconds	Rejection Rate,%	Orders with positive price slippage, % of total	Orders with negative price slippage, % of total
ETFs	525 ms	5.40%	79.96%	11.63%

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