

# Admiral Markets UK Ltd Order Execution Policy

Approved by the Board of Directors on 8 May 2019

Admiral Markets UK Ltd ("AM UK", "we",) is committed to providing the best possible outcome to its clients, and dealing with them honestly and in a transparent manner. Best execution is a requirement of both the EU Markets in Financial Instruments Directive 2014/65EU ("MiFiD") and the Financial Conduct Authority (FCA), and applies to all firms regulated in Europe who execute orders on behalf of retail and professional clients. Best execution refers to our obligation to take all sufficient steps to obtain the best possible result when executing orders on our clients' behalf, taking into account all relevant execution factors. We exercise our judgement in obtaining the best outcome for the execution of trades for our clients, and take into account the following factors when executing clients' orders:

- total consideration (the sum of the price of the financial instrument and the costs related to execution);
- speed and likelihood of execution and settlement;
- the type and size of the order and transaction and its market impact; and
- other factors that we believe to have significance for the execution of the order such as price, speed and likelihood of execution, and settlement size and nature.

Further information regarding each of these is set out below and each is listed in order of the importance we attach to them.

## Total Consideration

The best possible result is determined in terms of the total consideration for private clients. Total consideration is the sum of the price and all relevant costs of the execution of the financial instrument. The main way in which we seek to provide this is by looking at the calculation of our bid/offer prices used to execute a client's order to ensure there is due regard paid to the market price for the underlying reference product to which the order relates. Further expenses directly related to the execution of an 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, form part of the total consideration.

For professional clients the best possible result is also determined in terms of the total consideration. If, arising from a specific order, we have reason to believe or the client declares that, due to the nature of the order or factors pertaining to the client, other factors, such as the likelihood and speed of execution and settlement, have greater significance, we may take into account such factors in the execution. In such a case we will assess whether executing the transaction on the basis of total consideration would ensure fast and full execution of the transaction. If it is not ensured, we will assess whether partial execution of the Order on the basis of total consideration would be more beneficial for the client than full execution of the order on the basis of the criterion of likelihood of execution and settlement. If not, we will use the criterion of execution of transaction and settlement. We will also assess the potential negative impact of the execution time (speed) for the client and the extent of the associated risk of damage. If such damage exceeds the gains achievable on the basis of total consideration, the criterion of speed will be used.

## 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 the speed of execution by liquidity providers and other execution venues is consistent with providing best execution. Speed of execution can impact the ability of AM UK Ltd to provide execution 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.

## 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 Factors

Aside from the Best Execution obligations AM UK has, it is subject to the FCA's Principles for Businesses which require us to:

- conduct our business with integrity, due skill, care and diligence;
- observe proper standards of market conduct; and
- pay due regard to the interests of our customers and treat them fairly.

AM UK 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.

Price improvement and slippage symmetry is considered and continually monitored; we will not accept a liquidity provider 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.

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.

Our best execution obligation applies to all financial instruments that we offer. We therefore carry out detailed monitoring of the quality of execution obtained on the execution venues where client orders have been executed for AM UK. 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.

We will not normally differentiate between orders received from professional clients and retail clients, although in some circumstances our determination of the relative importance of the execution factors may differ for professional clients, e.g. where the likelihood of execution may take precedence over the price.

## Execution Venues

In relation to each contract for difference ("CFD") or spread bet ("SB") transaction, AM UK acts 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 a liquidity provider on the same terms. As a result, the client will only 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 in similar terms with another liquidity provider or a regulated market or MTF/OTF or equivalent in a non-EEA jurisdiction. Our sole liquidity provider is Admiral Markets A.S., although we reserve the right to use alternative liquidity providers.

## Specific Clients' Instructions

If a client provides specific instructions for the full or partial execution of an order, the order will be executed according to such instructions. **Where a client provides specific instructions to AM UK, we may be prevented from following the principles and procedures outlined above, which aim at producing the best possible result for clients.** Where a client makes a limit order for an Invest Trading Account we will not be obliged to disclose such an order to the relevant exchange until such a time that the limit order is executed.

## Execution of Orders regarding Shares and other Financial Instruments admitted to Trading on a Regulated Market

Ordinarily AM UK will execute orders regarding financial instruments traded on a regulated market or on a multilateral trading facility (e.g., shares, standardised derivatives, shares of an investment fund which have been regulated for quoted trading) according to the following where relevant:

- Each order will be executed as soon as possible, but no later than two minutes after receiving the order, by sending the order to the trading venue, which, in our opinion, provides the client with the best result;
- The firm may delay sending an order or may decide to send it in successive parts. We may delay if we believe that, due to market conditions or liquidity or the size or nature of the order,

this would be the most beneficial solution for the client;

- Clients' orders may be aggregated to be submitted as an aggregate order in accordance with our procedures for the handling of conflicts of interests, processing of transaction orders and execution of personal transactions;
- If an order is executed against AM UK or against the order of another client, it will be executed at a price which corresponds to the market price.

### Execution of Orders regarding Financial Instruments traded outside a Regulated Market and a Multilateral Trading Facility

AM UK may only execute your orders outside a regulated market or a multilateral trading facility where you have indicated your express agreement.

Such over-the-counter ("otc") trading will only be carried out in the instruments of a sole counterparty, e.g., bonds, money market instruments, fixed income derivatives, currency derivatives and other otc instruments.

Upon receiving such an otc order, we will quote indicative or fixed prices directly to you, following which we will conclude a purchase agreement; either when you accept the fixed price quoted by us or, in the case of indicative prices, when you accept the price that we confirm to you. If we execute such an order on your behalf, we will normally execute the order at a price which corresponds to the market price, which is calculated based on external reference prices for corresponding underlying assets, in so far as appropriate and such prices are available, plus a mark-up for a commercial profit margin and costs for use of capital and counter-party risks. AM UK will always be required to act in its clients' best interests and to avoid any conflicts of interests.

### Negotiated Transactions

In certain cases, AM UK will quote an indicative or fixed price, for example, a risk price, directly to the client. In such cases we will conclude a purchase agreement, either when you accept the fixed price quoted by us or, in the case of indicative prices, when we confirm the price to you and you accept the price.

Alternatively, a client may request AM UK to enter into a specific agreement with or relating to financial instruments (for example, but not limited to, securities financing transactions). In such cases, we may, after negotiations, decide to enter into the relevant agreement with the client on the negotiated terms and conditions. In such a case and where an agreement is concluded between AM UK and the client, AM UK will not transmit the order on behalf of the client and will not use its discretion when executing the client's order.

### Transmission of Orders

When AM UK transmits an order to another party for execution, we cannot control the execution process nor guarantee execution on the terms, conditions and principles stipulated in this Policy. However, AM UK will adhere to the terms, conditions and principles set out in this Policy when transmitting orders to third parties and when deciding which third party should carry out the order in a manner most beneficial for the client. We will make every effort to ensure best execution of the order by the broker, but cannot guarantee best execution for each individual brokered trade.

This policy is reviewed at least annually in accordance with the FCA requirements.