

Analysis and Monitoring of the Quality of Execution Orders in 2020 – Summary

Preface

Further to the legislative provisions of MiFID II, and the Regulatory Technical Standard 28 (Commission Delegated Regulation (EU) 2017/576), FXTM (the 'Company') must abide to the standard stipulated in the abovementioned regulation as a duly licenced and regulated broker by the Financial Conduct Authority. The Company provides below an ongoing view of the execution practices followed during 2020, by publishing annual information on the identity of execution venues and on the quality of execution obtained. The information presented below depicts the orders executed by the Company which is the sole execution venue. Moreover, the Company presents the execution factors taken into consideration and their importance level, any potential conflicts of interests, and the execution and price data summary.

Best Execution Factors

The Company acts as riskless principal when executing Clients' orders. The Company treats the execution of orders of Retail and Professional Clients in the same manner and follows its Order Execution Policy to Act in the Best Interest of the Client. During 2020, and as per the Company's Order Execution Policy, the Company assigned the following importance level for the below best execution factors when executing orders on the range of Contracts for Difference (the 'CFDs') it offers

Factor	Importance Level	Comments
Price	High	We give strong emphasis on the quality and level of the price data that we receive from external sources in order to provide our Clients with competitive price quotes. We do not however guarantee that our quoted prices will be as good, or better prices one might have seen elsewhere.
Cost	High	We take all sufficient steps to keep the costs of Clients' transactions as low and competitive as possible.
Speed of Execution	High	Execution speed and the opportunity for price improvement are critical to every trader, and we repeatedly monitor these factors to ensure that we maintain our high execution standards.
Likelihood of Execution	High	Even though we reserve the right to decline a Client order, we aim to execute as many Client orders as possible.
Likelihood of Settlement	Medium	The Company proceeds with a settlement of all transactions upon execution of such transactions.
Size of Order	Medium	The volume and structure of the order affecting price.
Nature of Orders	Medium	The particular characteristics of the order may affect the execution of the order.
Market Impact	Medium	Some factors may rapidly affect the price of the underlying instruments from which the Company's

		quoted price is derived, and may also affect the rest of the factors therein. The Company will take all sufficient steps to obtain the best possible result for its Clients.
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During 2020, the Company when executing orders for Retail Clients, the best possible result was determined in terms of total consideration representing the price of the financial instrument and the costs related to execution, hence these criteria were given precedence over the rest. The same precedence was placed when executing orders for Professional Clients.

Execution and Price Data Summary

A. CFDs on FX

The Company hedges its market risk with its Liquidity Provider. The prices provided to Clients are derived from pricing obtained from an EU-licensed Liquidity Provider, which operates under MiFID. The Company adds its mark-up and, as part of its monitoring, the Company relies on its liquidity provider, and on the annual review it does on the provider, to benchmark the prices provided to independent price sources.

B. CFDs on Shares

The prices provided to Clients are derived from pricing obtained from an EU-licensed Liquidity Provider, which operates under MiFID. the Company relies on its liquidity provider, and on the annual review it does on the provider, to benchmark the prices provided to independent price sources.

C. CFDs on Indices

The prices provided to Clients are derived from pricing obtained an EU-licensed Liquidity Provider, which operates under MiFID. The Company adds its mark-up.

D. CFDs on Commodities and Metals

The prices provided to Clients are derived from pricing obtained from an EU-licensed Liquidity Provider, which operates under MiFID. The Company adds its mark-up. Further to the above, the Company strives to offer the best possible result to its Clients when executing their orders on a consistent basis. By offering prices received by our Liquidity Provider, including our mark-up/ commission depending on the account, the Company ensures that the prices provided are the best at the time, even though we do not guarantee that our quoted prices will be as good, or better prices one might have seen elsewhere.

D. Conflicts of Interest

A conflict of interest arises when there is a reason, within the Company's control, that prevents the Company from putting the interests of its Clients before those of itself and its employees, or the interests of one Client or group of Clients ahead of another Client or group of Clients. In such a situation, the Company must pay due diligence to the interests of each Client and manage any

potential conflicts of interest accordingly. The underlying principle that must be followed at all times is that the interests of a Client must always be put before the interests of the Company and/or its employees. A conflict may exist, or be perceived to exist, if an employee's activity is – or has the reasonable appearance of being – inconsistent with the best interests of the Company's Clients. Additional information on handling conflicts of interest is available on the Company's website.

E. Data and tools relating to the quality of execution.

During the year under review, the Company employed an array of in-house tools to evaluate and monitor the quality of execution offered to its Clients, as part of its overarching best execution requirement, among, others, as follows:

- Monitoring of the fairness of slippages experienced during the trading hours;
- Post-trade evaluation of execution of orders;
- Monitoring of:
 - Instrument depth liquidity;
 - Likelihood of execution;
 - Speed of execution;
 - Abnormal market conditions;
 - Any technological failures (e.g. connectivity issues, platform issues etc);

Monitoring of the execution quality is carried out by the Dealing Department. The results of the monitoring are provided to Company's Compliance Function for evaluation and assessment. The Company's Compliance Function also runs an additional independent evaluation of execution quality. The results are presented to the Company's Senior Management.

F. Additional affirmations

In the context of the relevant regulator provisions the Company during 2020:

- Used close links when executing Client orders, our Liquidity Provider has the same shareholder;
- Used one execution venue to execute orders where it has common ownerships;
- Did not identify any additional conflicts of interest further to the ones described in Section D, above and further to its Conflicts of Interest Policy;
- Had any specific arrangements with any execution venues regarding payments made or received, discounts, rebates or non-monetary benefits received;
- There was no change in the execution venues;
- No output of a consolidated tape provider was used as this not applicable to the Company's line of business;

G. Conclusion

During the year 2020 and based on the Company's best execution arrangements and monitoring, we believe that the Company has taken all sufficient measures to obtain the best possible results for its Clients.