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HF Markets (Europe) Ltd

EXECUTION QUALITY SUMMARY

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1. Introduction

- 1.1. HF Markets (Europe) Ltd (hereinafter the “**Company**”) which is a member of HF Markets Group, is incorporated under the laws of the Republic of Cyprus with Registration No. HE 277582 under the Department of Registrar of Companies and Official Receiver (www.mcit.gov.cy). The Company is authorised and regulated by the Cyprus Securities and Exchange Commission (“**CySec**”) to act as a Cypriot Investment Firm (License No. 183/12) and to provide the Services specified in the Account Opening Agreement found on the Company’s website, and operates under the Law 87(I)/2017 which provides for the provision of investment services, the exercise of investment advice, the operation of regulated markets and other related matters (the “**Law**”) which has implemented the Markets in Financial Instruments Directive (EU Directive 2014/65/EU).
- 1.2. The Company is operating on its Dealing on Own account license, entering into all transactions with the client as principal (counterparty) and act as the sole execution venue for all client orders.

2. Purpose

- 2.1. The Company acting in its capacity as a Cypriot Investment Firm and in accordance with the Commission’s Delegated Regulation (EU) 2017/576 (hereinafter the “**regulation**”) of 8 June 2016 supplementing Directive 2014/65/EU of the European Parliament and of the Council with regard to regulatory technical standards for the annual publication by investment firms of information on the identity of execution venues and on the quality of execution has prepared and publishes this Execution Quality Summary (hereinafter the “**Statement**”) informing any interested groups and individuals on the summary derived from the detailed evaluation and conclusion of the Company’s quality of execution.
- 2.2. The statement shall be reviewed and accordingly updated on an annual basis, shall reflect the data of the previous year and shall remain on the Company’s website for at least two years from its publication.

- 2.3. The statement has been prepared based on the evaluation of the provision of investment services as per its CIF license authorization in regards to the financial instruments in Contracts for Differences (CFDs) covering the year of 2017.

3. Relative importance of execution factors

- 3.1. The Company determines the relative importance of the Best Execution Factors by using its commercial judgment and experience in the light of the information available on the market and taking into account the criteria described below:
- a. The characteristics of the Client including the categorization of the Client as Retail or Professional;
 - b. The characteristics of the Client's Order;
 - c. The characteristics of financial instruments that are the subject of that Order;
 - d. The characteristics of the execution venues to which that order can be directed.
- 3.2. For Retail Clients, the best possible result is determined in terms of the total consideration, representing the price of the financial instrument and the costs related to execution, which shall include all expenses incurred by the client which are directly related to the execution of the order, clearing and settlement fees and any other fees paid to third parties involved in the execution of the order.
- 3.3. For Professional clients, the best possible result is determined in terms of the total consideration as per point 3.2 above.
- 3.4. The Company's [Order Execution Policy](#) describes in detail how each factor is assessed on an *ex ante* rationale for the execution of orders. The importance of execution factors for considering the quality of execution is illustrated below
- a. Price – High Importance
 - b. Cost – High Importance
 - c. Speed of Execution – High Importance
 - d. Nature of Order – Medium Importance
 - e. Likelihood of Execution – Medium Importance
 - f. Likelihood of Settlement – Medium Importance
 - g. Size of Order - Medium Importance

h. Market Impact - Medium Importance

4. Close links and conflict of Interest with respect to execution venues

- 4.1. Execution Venues are the entities with which the orders are placed or to which the Company transmits orders for execution. The Company enters into all transactions with the Client as principal (counterparty) and act as the sole execution venue for all Client Orders. Therefore, as the sole Execution Venue there are no special arrangements or links with other Execution Venues.
- 4.2. The Company honors all and every client order without the placement of any criteria or requirements prior accepting them. The Company executes orders based on quotes (bid and ask prices) provided by a member of the HF Markets Group, which in turn are derived from reputable Price Providers. In order to avoid potential conflicts of interest, the Company uses alternative Price Providers and utilizes the lowest price of all prices identified.
- 4.3. Furthermore, the Company is both the manufacturer and distributor of all financial instruments traded on its website. The Company has established a product governance procedure as per CySEC Directive DI87-01 which followed ESMA's 35-43-620 Guidelines assisting in the identification and management of potential conflicts of interest in order to ensure client protection.
- 4.4. Due to the above described operational model, the Company has established a Conflict of Interest procedure to identify, prevent and manage potential conflicts of interest. The aim of the procedure is to firstly refrain from creating or contributing to the creation of conflicts of interest and where such exist to take all necessary measures for minimizing the impact to Client's best interest. For comprehensive and descriptive information, please refer to the [Conflict of Interest Policy](#) as published on the Company's website.

5. Execution venues specific arrangements

- 5.1. The Company acts as a principal (counterparty) for all client orders therefore it is the sole execution venue for all client orders.

6. Changes in the execution venues list

6.1. The Company remained the sole execution venue for all client orders.

7. Order execution arrangements changes as per client categorization

7.1. The Company treat all client categories equally and applies the same order execution arrangements as per the Order Execution Policy.

8. Important criteria preceding the execution factors of price and cost

8.1. The Company has established and maintains an Order Execution Policy where specific factors are considered for deriving the best possible result for the client. There are no criteria given precedence over immediate price and cost when executing retail client orders. For more information, please refer to the [Order Execution Policy](#) as available on the Company's website.

9. Assessment data and tools

9.1. The Company has established and maintains a Best Execution Monitoring Policy to monitor the effectiveness of its Order Execution Policy and to identify any deficiencies that would require remediate measures. All generated monitoring reports are promptly reported to management for consideration with suggestions for the resolution of any identified deficiencies. The quality of execution is monitored and assessed on an ongoing basis in by performing an assessment, among others, on the below best execution factors:

- a. price execution;
- b. price fairness;
- c. likelihood of execution;
- d. slippage;
- e. speed of execution;
- f. spreads monitoring;
- g. monitoring of the trading platforms, etc

10. Consolidated tape provider

10.1. The Company does not use a consolidated tape provider.

11. Execution Venue Report

11.1. As per the regulation, the Company is required to publish the top five execution venues in terms of trading volumes for all executed client orders. As mentioned herein above, the Company acts as Principal on the client's behalf at all times and therefore is the sole Execution Venue for all its clients' orders.

11.2. The regulation also predefines the above information and how this will be presented in a table. For the purposes of this Regulation, the following definitions shall apply:

- a. 'passive order' means an order entered into the order book that provided liquidity;
- b. 'aggressive order' means an order entered into the order book that took liquidity;
- c. 'directed order' means an order where a specific execution venue was specified by the client prior to the execution of the order.

11.3. The Company does not execute passive, aggressive or directed orders. All orders are treated as market orders in which the execution might be at a price significantly different from the prevailing market price when the order was entered or from the price specified in a pending order.

11.4. The information below refers to the Asset Class of CFDs for the year 2017.

| Class of Instrument | Contracts for Differences (CFDs) | | | | |
|---|--|--|------------------------------|---------------------------------|-------------------------------|
| Notification if < 1 average trade per business day in the previous year | No | | | | |
| Top five execution venues ranked in terms of trading volumes | 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 |
| HF Markets (Europe) Ltd 213800AOQIBJ1GVZJL53 | 100% | 100% | 0% | 0% | 0% |

Table 1: Retail clients trading volume

HF Markets (Europe) Ltd
Execution Quality Summary

| | | | | | |
|---|--|--|------------------------------|---------------------------------|-------------------------------|
| Class of Instrument | Contracts for Differences (CFDs) | | | | |
| Notification if < 1 average trade per business day in the previous year | Yes | | | | |
| Top five execution venues ranked in terms of trading volumes | 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 |
| HF Markets (Europe) Ltd 213800AOQIBJ1GVZJL53 | 100% | 100% | 0% | 0% | 0% |

Table 2: Professional clients trading volume