

Execution Venues and Quality Summary Statement

Introduction

IQOption Europe Ltd (the “Company”), is a Cyprus Investment Firm with registration number HE327751 formed under the Laws of Cyprus and regulated by the “Cyprus Securities and Exchange Commission (CySEC)” with license number 247/14 and with its registered office at Yiannis Nicolaides Business Center, Agiou Athanasiou Avenue 33, 4102, Agios Athanasios, Limassol, Cyprus.

During the preceding year, the Company was required to provide its clients and/or potential clients with information regarding all sufficient steps taken in order to obtain the best possible results (or “best execution”) on behalf of its Clients.

The obligation of the Company to provide the best execution applied to both retail and professional Clients (the “Clients”), but not to Eligible Counterparties.

The present Execution Quality Summary Statement (the “Statement”), shall provide information on the Company's Order Execution Policy and shall include analysis and conclusions that the Company draw from its obligation to execute orders on terms most favourable to Clients and of the quality of execution provided to Clients by acting as the sole execution venue and as principal to the Clients’ trades that were executed in the previous year.

Assessing the quality of execution:

The Company has given relative importance to the execution factors of price, costs, speed, the likelihood of execution and any other consideration including qualitative factors when assessing the quality of execution. In particular, when executing Clients’ orders, the Company has taken into account the following “Execution Factors”, in order to obtain the best possible result for its Clients:

- Price - High Importance;
- Costs - High Importance;
- Speed and likelihood of execution and settlement - High Importance;
- Size and nature - Medium Importance;
- Market conditions and variations - Medium Importance;
- Any other consideration relevant to the execution of the order - Medium Importance.

During the previous year, the Company executed Clients' orders in relation to the following Financial Instruments:

- Options Contracts in currency pairs, stocks and commodities;
- Contracts for Differences (CFDs) in stocks, currency pairs, commodities, ETFs and cryptocurrencies.

As of the 2nd of July 2018, the Company complied with European Securities and Markets Authority ("ESMA") measures in relation to the prohibition on the marketing, distribution or sale of binary options to retail investors.

In addition, during the previous year (2020) the Company acted as the counterparty to Clients' trades and transacted with Clients as principal. To be precise, the Company acts as the sole execution venue and as principal to the Clients' trades. Clients' positions were not transferable and the Clients could only close their positions with the Company. In order to ensure the best execution of Client orders, the Company determines the relative importance of the Execution Factors, as stated above, by taking into account the characteristics of the following Execution Criteria:

- The Client, including the categorisation of the Client as retail or professional;
- The Client's order;
- The financial instruments that are subject to that order, and;
- The Execution Venues to which that order can be directed.

The Company in order to obtain the best possible results for its Clients has taken the following steps for each class of financial instruments

Clients Trading in Option Contracts:

Price: The Company quoted one price at which the Client could open an order. Prices for any given option were calculated by reference to the BID and ASK prices of the relevant underlying financial instrument and could be found on the Company's trading platform. Prices were obtained from reputable third-party price feed providers. Prices were updated frequently as the limitations of technology and communication links allow. The Company strived to ensure that the Clients would have received the best price by guaranteeing that the calculation of the quoted prices was made with reference and compared to a range of underlying price providers and data sources. However, even though the Company has taken sufficient steps to obtain the best possible result for Clients, it was still unable to guarantee, when executing orders, that the prices offered were always more favourable than prices that were available elsewhere. Under certain trading conditions, it may have been impossible for the Company to execute an Order at the Clients' requested price. In such cases, the Company reserved the right to execute the Order at the first available price. The available prices provided by the Company were calculated as $(ASK+BID)/2$ i.e. the average between the BID and ASK prices.

Costs: No commissions or financing fees were charged by the Company for Options Contracts. The Company reserves the right to, at any time, apply such charges in the future with prior notice to the Client.

Speed of Execution: The Company executed Client orders as a principal to principal against the Client. This means that the Company was always the Execution Venue for the execution of Client Orders. The Company was striving to offer a high speed of execution, however, in certain circumstances, the issue of low internet speed or market volatility and/or the quoted price that was no longer representative of the underlying market price resulted in Client placing his/her Order at a delay, hence, orders were executed at a better or worse prevailing price offered by the Company.

Likelihood of Execution: The Company acted as a principal and not as an agent on the Client's behalf. The Company relied on its price feed providers for pricing, hence the execution of Client orders depended on the availability of services of the price feed providers. Although the Company executed all Client orders, in some instances, it was not possible to arrange an Order for execution during abnormal market conditions. This could happen, inter alia, overnight, during news times, at the opening of trading sessions, on volatile markets, on rapid price movements, when there was insufficient liquidity for the execution of the specific volume at the declared price or on a force majeure event. In the event that the Company was unable to proceed with an Order in relation to price or size or any reason, the Order was executed at the first available price or not executed at all. Also, the Company was entitled, at any time at its discretion, without giving any notice or explanation to the Client, to decline or refuse to arrange for the execution of any Order or request of the Client. The Company did not accept any orders outside of the market hours of the relevant underlying financial instrument.

Likelihood of Settlement: The Company proceeded with the settlement of all transactions upon the execution of such transactions. The Options offered by the Company did not involve the delivery of the underlying asset, so they were not settled physically as there would be for example if the Client had bought Shares. All Options were cash-settled. The Company proceeded with the settlement of all transactions upon the execution and/or time of expiration of the specific transaction.

Size of Order: All orders were placed in monetary values. The Client was able to place an order as long as they had enough balance in their IQOption trading account. The minimum size of an Order may be different for each type of Option. If the Client wished to execute a large Order, in some cases the price might have become less favourable. The Company reserves the right to decline an Order in case the size of the Order was large and could not be filled by the Company.

Market Impact: Some factors would have rapidly affected the price of the underlying instrument/product from which the Company's quoted price was derived and also could have been affected by other factors listed herein. The Company took all sufficient steps to obtain the best possible result for its Clients.

The Company offered the following types of Options on its platform at its own discretion:

- Digital: Options with multiple strike prices (available for professional clients only);
- Binary: Options with one strike price (current market price) (available for professional clients only);
- Fx Options: Options with features similar to those of vanilla options.

Types of Orders: The types of orders offered by the Company were related to the Client giving instructions to execute or initiate a trade with the Company by way of a Market Order (trade request) whereby the Client gave instructions to immediately buy or sell at the best available price.

Clients Trading in CFDs (Protected CFDs and CFDs on Margin):

Price: The price for a given contract was calculated by reference to the price of the relevant underlying financial instrument. For any given CFD, the Company quoted two prices: the higher price (ASK) at which the Client could buy that CFD, and the lower price (BID) at which the Client could sell that CFD. Collectively, the ASK and BID prices were referred to as the Company's prices and could be found on the Company's trading platform. Prices were frequently updated as the limitations of technology and communication links allowed. The Company strived to ensure that the Client would receive the best price by guaranteeing that the calculation of the quoted prices was made with reference and compared to a range of underlying price providers and data sources. Despite this though, the Company was unable to guarantee, when executing orders, that the prices offered were more favourable than prices that could be found elsewhere. Under certain circumstances and in some cases, it was impossible for the Company to execute an Order at the requested price. In these cases, the Company reserved the right to execute the Order at the first available price and therefore, the Company has executed these orders at the first available price. These cases were related to high market volatility, price fluctuations, etc.

Costs: In most circumstances, a spread was applied. The spread was dynamic for certain Financial Instruments and could take into account factors such as liquidity in external markets for the underlying financial instrument and competitor pricing. The Company reserved the right to charge the Client a swap fee (of up to 0.6% of the face value of the position) for keeping a position open overnight. The Company reserved the right to charge a commission for opening a short position on Cryptocurrencies CFDs which was up to 15% of the transaction. In certain circumstances (such as increased volatility or illiquidity in relation to the underlying market concerned) the Company reserved the right to alter the spreads offered. In other circumstances, Clients might have been charged overnight funding premiums. The Company reserved the right to, at any time, apply such charges in the future with prior notice to the Client.

Speed of Execution: The Company executed the Client orders in CFDs as a principal and not as an agent to the Client, i.e. the Company was the Execution Venue for the execution of the Clients' orders. The Company strived to offer a high speed of execution, however, in certain circumstances, for example, low internet speed or market volatility, the quoted price was not representative of the underlying market price and this resulted in the Client placing his/her Order at a delay, or orders were executed at a better or worse prevailing price offered by the Company. The Company has implemented an internal specialized software in order to monitor the speed of execution of its Clients' orders; the Compliance Department performs desk-based reviews every two months regarding the monitoring of the speed of execution of orders;

Likelihood of Execution: The likelihood of execution depended on the availability of the prices of the price feed providers of the Company. In some instances, it was not possible to execute an Order during abnormal market conditions. In the event that the Company was unable to proceed with an Order in relation to price or size or any other reason, the Order was executed at the first available price or not executed at all. Also, the Company was entitled, at any time and at its discretion, without giving any notice or explanation to the Client, to decline or refuse to execute any Order or request of the Client. The Company did not accept any orders outside of the market hours of the relevant underlying financial instrument. For clarification purposes, where the Company was unable to execute any orders (including pending orders) e.g where the market was closed, the order was executed at the first available price included in the Company's trading platform or not executed at all.

Likelihood of Settlement: The Company proceeded to the settlement of all transactions upon the execution of such transactions. The CFDs offered by the Company did not involve the delivery of the underlying asset, so they were not settled physically as there would be for example if the Client had bought Shares. All CFDs were cash-settled. The Company proceeded with the settlement of all transactions upon the execution and/or time of expiration of the specific transaction.

Size of Order: All orders were placed in monetary values. The Client was able to place an order as long as they had enough balance in their IQOption trading account. The minimum size of an Order may have been different for each type of CFD. If the Client wished to execute a large Order, in some cases the price may have been less favourable. The Company reserved the right to decline an Order in case the size of the Order was large and could not be filled by the Company.

Market Impact: Some factors may have rapidly affected the price of the underlying instrument/product from which the Company's quoted price was derived and may have affected other factors listed herein. The Company took all sufficient steps to obtain the best possible result for its Clients. The Company did not consider the above list exhaustive and the order in which the above factors are presented shall not be taken as a priority factor.

The Company offers the following types of CFDs on its platform:

- Forex: CFDs in currency pairs (FX);
- CFDs in stocks, ETFs, Indices and commodities;
- "Crypto": CFDs in Cryptocurrencies.

Best Execution and Conflicts of Interests:

During the preceding year, the Company executed the Clients orders as a principal and not as an agent to the Client, i.e. the Company was the Execution Venue for the execution of the Clients' orders. For this reason, as a result of the investment services and/or ancillary services (or a combination thereof) provided by the Company to, for, with, and/or on behalf of its Clients, a potential Conflicts of Interest could arise.

Hence, best execution and conflicts of Interest were possible in the below cases:

1. The matching of Client Orders, in relation to financial products/instruments (namely Contracts for Differences (CFDs) and Options) with that of another Client, as such acting on both Clients behalf;
2. The Company could have provided services to other Clients of the Company who may have interests in Financial Instruments, which were in conflict or in competition with Client interests;
3. The Company was dealing with Clients as a counterparty and as such profits from Clients' losses;
4. The Company could have an interest that was contrary to Clients' transactions, e.g. when the Client traded in securities or Underlying Markets where the Company acted as a market maker or when the Company wished to invest in the same Financial Instrument as the Client;
5. The maximising of trading volumes in order to increase revenues, which was directly conflicted with the Client's interest, if that interest was minimising the volume of trades they performed.
6. Any other possible inducements received or granted by or to third parties in connection with investment services and/or ancillary services (or a combination thereof).

Inducements, commissions, remuneration, gifts etc.

1. Performance-based remuneration and/or inducements granted or paid to employees of the Company, by the Company, which may negatively affect the Client and incentivise aggressive marketing tactics and repeated phone call making;
2. Remuneration and/or inducements granted or paid to third parties (affiliates or business introducers) based on referral and on-boarding of new Clients, which may negatively affect the Client and incentivise aggressive marketing tactics and the use of misleading information;
3. Remuneration and/or inducements granted or paid to third parties who provide services under an outsourcing agreement if such remuneration incentivises practises that are in conflict with the interests of the Company's Clients.

It should be noted that the above scenarios did not necessarily give rise to a 'Conflict of Interest' or to any material damage to the Clients, but were disclosed in the interest of full transparency. The above scenarios were considered in relation to the procedures and measures implemented by the Company in order to manage or limit their impact.

Execution of Orders Payments/Commissions:

With regard to the execution of orders, payments and/or commissions, the Company did not charge any commissions or financing fees for Options trading. However, the Company reserved the right to, at any time, apply such charges with prior notice to the Client.

In addition, the Company reserved the right to charge a commission for opening a short position Cryptocurrency CFD which was up to 15% of the transaction. Also, in certain circumstances (such as increased volatility or illiquidity in relation to the underlying market concerned) the Company reserved the right to alter the spread offered or Clients were charged overnight funding premiums. The Company also reserved the right to, at any time, apply such charges with prior notice to the Client.

Order Execution for Retail and Professional Clients:

Price and costs were ordinarily of high relative importance in obtaining the best possible results for Clients. However, in some circumstances, reference to the "Execution Criteria" appropriately determined that Execution Factors had greater importance in achieving the best possible result for the Client. The Company determined the relative importance of the Execution Factors by taking into account the characteristics of the following Execution Criteria:

- The Client, including the categorisation of the Client as retail or professional;
- The Client's order;
- The Financial Instruments that are the subject of that order;
- The Execution Venue(s) to which that order can be directed;
- Client's Specific Instruction (see below)

The best possible result for Clients was determined in terms of the total consideration, representing the price of the Financial Instrument and the costs related to execution, which included all expenses incurred by the Client which were directly related to the execution of the order and any other fees paid to third parties involved in the execution of the order.

When executing orders, all sufficient steps were taken by the Company to ensure that a Client's order was executed in order to achieve the "best execution" of the Client's orders and to obtain the best possible result for its Clients.

Where the Company executed an order for a retail client/the Company was entering into a transaction with the Client, the best possible result should have been determined in terms of the total consideration. When providing professional clients with best execution, the Company was not required to prioritise the overall costs of the transaction as being the most important factor in achieving best execution for them.

Specific Client Instructions:

Where the Client provided the Company with specific instructions as to the execution of an Order, the Company executed the Order in accordance with that specific instruction and proceeded in taking all sufficient steps to obtain the best possible result. It should be noted that specific instructions may have prevented the Company from following its Order Execution Policy.

Where the Client's instruction related to only part of the Order, the Company continued to apply its Order Execution Policy to those aspects of the Order not covered by the specific instruction.

Types of Orders:

There were several types of Orders available to Clients. The Client could give instruction to execute or initiate a trade with the Company by way of:

Market Order whereby the Client gave instructions to immediately buy or sell at the best available price.

Limit Order whereby the Client gave instruction to buy or sell at a maximum or minimum price he specifies.

Stop Order whereby the Client gave instruction to buy or sell once the price of a Financial Instrument reached a specified level.

Trailing Stop Loss Order whereby the Client specified the loss limit which was automatically shifted up or down depending on the price of the underlying asset and only in case the latter moved in the desired direction.

Information on the top five execution venues and quality of execution obtained

Table 1

Class of Instrument	Contracts for differences (retail clients)				
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
IQOption Europe Ltd, LEI: 213800EG2RLGP5VLLM74	100%	100%	N/A	N/A	N/A
Name and Venue identifier (MIC or LEI)	N/A	N/A	N/A	N/A	N/A
Name and venue identifier (MIC or LEI)	N/A	N/A	N/A	N/A	N/A
Name and venue identifier (MIC or LEI)	N/A	N/A	N/A	N/A	N/A
Name and venue identifier (MIC or LEI)	N/A	N/A	N/A	N/A	N/A

Table 2

Class of Instrument	Contracts for differences (professional clients)				
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
IQOption Europe Ltd, LEI: 213800EG2RLGP5VLLM74	100%	100%	N/A	N/A	N/A
Name and Venue identifier (MIC or LEI)	N/A	N/A	N/A	N/A	N/A
Name and venue identifier (MIC or LEI)	N/A	N/A	N/A	N/A	N/A
Name and venue identifier (MIC or LEI)	N/A	N/A	N/A	N/A	N/A
Name and venue identifier (MIC or LEI)	N/A	N/A	N/A	N/A	N/A

Table 3

Class of Instrument	Option Contracts (retail clients)				
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
IQOption Europe Ltd, LEI: 213800EG2RLGP5VLLM74	100%	100%	N/A	N/A	N/A
Name and Venue identifier (MIC or LEI)	N/A	N/A	N/A	N/A	N/A
Name and venue identifier (MIC or LEI)	N/A	N/A	N/A	N/A	N/A
Name and venue identifier (MIC or LEI)	N/A	N/A	N/A	N/A	N/A
Name and venue identifier (MIC or LEI)	N/A	N/A	N/A	N/A	N/A

Table 4

Class of Instrument	Option Contracts (professional clients)				
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
IQOption Europe Ltd, LEI: 213800EG2RLGP5VLLM74	100%	100%	N/A	N/A	N/A
Name and Venue identifier (MIC or LEI)	N/A	N/A	N/A	N/A	N/A
Name and venue identifier (MIC or LEI)	N/A	N/A	N/A	N/A	N/A
Name and venue identifier (MIC or LEI)	N/A	N/A	N/A	N/A	N/A
Name and venue identifier (MIC or LEI)	N/A	N/A	N/A	N/A	N/A

Whether you have any questions regarding this Statement or the Company's Order Execution Policy, please contact us.

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