



# Execution Quality Summary Statement (RTS 28)

For the year 2020

Pepperstone EU Limited

Company:	Pepperstone EU Limited
Reg. Number:	HE 398429
CySEC Licence:	388/20
Date Updated:	30 April 2021



## 1. Scope and purpose

Pepperstone EU Ltd (“the Company”) is required to publish for its clients an Execution Quality Summary Statement under Regulation EU 2017/576 supplementing MiFID II Directive 2014/65/EU, 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.

The Company recognises the importance of achieving the best possible result for its clients when executing their orders. Acting fairly and reasonably in our dealings with our clients is crucial part of our business. The purpose of this document, as per the Regulatory Technical Standards (also referred as RTS 28), is to provide information on the identity of execution venues used by the Company to execute client orders, information on the quality of execution for each class of financial instruments and a summary of the analysis and conclusions drawn from monitoring the quality of execution obtained on these execution venues for the year 2020.

In this respect, please find below a summary of our analysis per aspect required.

## 2. Importance of best execution factors

We take into account a number of factors to achieve best execution. These include:

- (i) price
- (ii) costs
- (iii) speed
- (iv) likelihood of execution and settlement (liquidity)
- (v) size
- (vi) nature
- (vii) type and characteristics of financial product
- (viii) characteristics of the possible execution venues; and
- (ix) any other consideration relevant to the execution of the order.

While total consideration (price and costs) are generally key factors, the overall value to you of a particular transaction may be affected by the other factors listed above. We may decide that factors other than price and costs are more important in achieving the best possible result for you.

For details on how each factor is assessed when executing clients’ orders please refer to the Company’s [Order Execution Policy](#)

A more detailed analysis of the most important factors is provided below:

**(i) Price:** The Company’s price for a given CFD is calculated by reference to the price of the relevant underlying asset, which the Company obtains from third party external sources. The Company’s prices can be found on the Company’s website or trading platforms.

While the Company price feeds and Liquidity are provided solely from its parent company Pepperstone Group Ltd (PGL), PGL in turn obtains price feeds from various Liquidity Providers (LPs) and utilises an internal price aggregation and optimisation system to obtain the best price available between these



LPs. As such, the Company's clients benefit indirectly from PGL's price optimization system. The Company updates its prices as frequently as the limitations of technology and communications channels allow.

The Company reviews its external reference sources from time to time to ensure that the data obtained continues to remain competitive. Certain ex-ante and ex-post quality checks are conducted by the Company to ensure that prices obtained and subsequently passed on to clients remain competitive. Such checks include, but not limited to, reviewing system settings/parameters, comparing prices with reputable price sources (e.g., Thomson Reuters), and internal reports to monitor and ensuring price symmetry (positive vs negative slippage).

**ii) Cost:** This execution factor is in the top two of highest importance factors considered by the Company, therefore the Company conducts certain quality checks to ensure that the costs and charges implemented remain competitive and fair for the clients. The provision of the Services by the Company is subject to payment of fees such as brokerage fees/commissions, Swaps/Rollover, additional position fees/commissions on Swap Free accounts and other fees. For further explanation on the costs and charges of our Account Types and their way of calculation, please refer to our Key Information Documents, Account Types and Cost and Charges documents available on the Company's website.

**iii) Speed of Execution:** The Company places a significant importance when executing Clients' orders and strives to offer high speed of execution within the limitations of technology. Based on internal reports of the relevant department (market risk) the average execution speed (latency) for the period under review, was found to be smaller of the order of 40 milliseconds. The relevant department generates weekly reports to review on ad hoc and ex post basis the speed of execution and related conditions such as slippage, to monitor the quality and take corrective measures if necessary.

**iv) Likelihood of Execution:** While the Company aims to fill-in all client's market orders and this is the business-as-usual case, there are cases it may not be possible to arrange an order for execution, for example but not limited in the following cases:

During extremely volatile markets, important announcements, trading session start etc in which periods prices may move significantly up or down and away from declared prices with insufficient liquidity for the execution of the specific volume at the declared price. Further, a possible case for non-execution would be a force majeure event occurring (e.g., technology fails as platform malfunction, price feeds freezing etc). In the event that the Company is unable to proceed with an order with regard to price or size or other reason, the order will not be executed or will be executed only partially.

### 3. Close Links

Pepperstone EU Limited is a subsidiary of Pepperstone Group Limited (PGL). Pepperstone EU Limited utilises PGL as its sole execution venue.

Pepperstone EU Limited enters into all client trades as matched-principal, which means that we match all client trades with PGL, which may profit from client losses. The conflict of interest that is derived from the common ownership structure is mitigated by our execution model which ensures Best Execution.



#### 4. Changes in execution venues during the year

There were no changes in the execution venues during the year 2020. All trades were executed with Pepperstone Group Ltd.

#### 5. Differentiation of best execution per client categorisation:

Although as per the Company's [Client Categorisation Policy](#), order execution requirements may differ between Professional and Retail Clients, the Company has not treated differently the orders of Retail vs Professional Clients during the year under review.

#### 6. Data/Tools used by the Company relating to the quality of execution:

The Company is using the following tools and data for monitoring the quality of execution:

- 1) **Internal Reports** prepared weekly from Market Risk department which include information on positive vs negative price slippage, latency of clients' orders execution, and percentage of clients orders executed.
- 2) **Price Benchmarking:** The Company uses technology provider Cappitech Regulation Ltd for benchmarking the prices offered to its clients to Thomson Reuters independent pricing feed.



## 7. Information on top five (5) execution venues used:

The information presented below refers to the top five (5) execution venues in terms of trading volume used by the Company for executing the orders of both retail and professional clients.

Top five (5) execution venues during the year 2020 (Retail Clients)					
Class of Instruments	Contract 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	Proportion of volume trades as a percentage of total in that class	Proportion of orders executed as a percentage of total in that class	Percentage of Passive Orders	Percentage of Aggressive Orders	Percentage of Directed Orders
Pepperstone Group Ltd (LEI 213800BZWZ35NF1SXD43)	100%	100%	0%	100%	

Top five (5) execution venues during the year 2020 (Professional Clients)					
Class of Instruments	Contract 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	Proportion of volume trades as a percentage of total in that class	Proportion of orders executed as a percentage of total in that class	Percentage of Passive Orders	Percentage of Aggressive Orders	Percentage of Directed Orders
Pepperstone Group Ltd (LEI 213800BZWZ35NF1SXD43)	100%	100%	0%	100%	



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