



**SUMMARY OF THE ANALYSIS AND
CONCLUSIONS OF THE
MONITORING OF DELTA FINANCIAL
MARKETS LIMITED ON THE QUALITY
OF EXECUTED ORDERS FOR 2018**

*[under Art. 3 (3) of Delegated Regulation (EU)
2017/576]*

1. General information

Delta Financial Markets Limited (DF Markets), in its capacity of investment firm, executes clients' orders only in respect of the following class of financial instruments in accordance with the classification laid down in Annex 1 of the *Commission Delegated Regulation (EU) 2017/576 of 8 June 2016, supplementing Directive 2014/65/EU of the European Parliament and of the Council*, with regard to the regulatory technical standards for the annual publication by investment firms of information on the identity of execution venues and on the quality of execution (*Delegated Regulation 2017/576*):

Contracts for Difference (CFD)

DF Markets does not offer classes of financial instruments other than the one referred to in letter "j" of Annex I of *Delegated Regulation 2017/576*.

DF Markets offers execution-only trading services in relation to CFDs that take place outside a regulated market (i.e. "Over-the-Counter" or "OTC"). DF Markets does not offer its clients CFD trading on a market different from the OTC market. It should be noted that financial spread betting products fall into the CFD category.

With regard to trading in CFDs on an OTC market, DF Markets is the only execution venue for the orders submitted by the clients and acts as the Counterparty (principal) to each such trade (and not as an agent or broker). This applies to the execution of trades for both retail and professional clients. In practice, clients' orders are submitted for execution via the electronic platform(s) made available by the investment firm to its clients for trading in financial instruments at prices quoted by the firm in the course of its provision of services. The firm acts as a counterparty to each trade initiated by the client in this process. All clients' orders for trading CFDs are executed against DF Markets own liquidity. DF Markets does not transmit clients' orders to another execution venue. By doing so, the firm does not execute clients' orders outside of the specified execution venue. Therefore, it does not collect and analyze information about clients' orders executed on other execution venues.

2. Information under Art. 3 (3) (a) of Delegated Regulation 2017/576:

"Explanation of the relative importance the firm gave to the execution factors of price, costs, speed, likelihood of execution or any other consideration including qualitative factors when assessing the quality of execution"

The relative importance DF Markets gave to the factors referred to in Art. 27 (1) of Directive 2014/65 / EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments - MiFID II - starting with the most significant and ending with the least significant when executing client orders for trading CFDs on the OTC market can be summarised as follows:

1. price;
2. size of the order;
3. speed and likelihood of execution;

4. costs; and
5. nature and any other considerations relevant to the execution of the order.

The particular way the execution factors such as price, costs, likelihood of execution and other relevant considerations are being treated and taken onboard follows the firm's thorough assessment of their importance, i.e. priority. It should be noted that the assessment of the importance (i.e. priority) of the execution factors as indicated above applies across all types of CFDs offered by DF Markets. Furthermore, the best possible outcome for all retail clients is being determined in terms of the total consideration, representing the price of the financial instrument and the costs related to execution.

When determining the importance of the other factors (such as speed, likelihood of execution, the size, nature and characteristics of the order), DF Markets has exercised discretion upon the assessment of the criteria to be taken into account in order to fulfill its obligation to take all sufficient steps to obtain the best possible result for the retail and professional clients on a consistent basis. The relative importance of these criteria has been assessed in line with the trading experience of DF Markets and the market conditions, including the need for timely execution, better pricing, market liquidity and order size, in particular when the quantity and/or requested price of the order render its execution partially or completely impossible on the relevant market where the CFD and/or the underlying asset is traded.

Having regard to the importance (priority) of all the execution factors, DF Markets has taken all sufficient steps to obtain the best possible result for the client (retail and professional).

3. Information under Art. 3 (3) (b) of Delegated Regulation 2017/576:

"Description of any close links, conflicts of interests, and common ownerships with respect to any execution venues used to execute orders"

DF Markets is the only execution venue for all clients' orders. DF Markets executes the orders for trades in CFDs outside of the trading venue, namely on an OTC market. The consequences for the client in this regard are limited to a few risks, namely: DF Markets is the execution venue and the counterparty to each trade, therefore, depending on the circumstances, DF Markets' own liquidity can play out as a limitation to the client; the prices available for the execution of clients' orders are quoted by DF Markets rather than being established in the process of submission of bids or offers derived from the genuine interest of a counterparty client to buy or sell the asset, underlying the CFD; there is a potential conflict of interest because DF Markets benefits from the trading volumes that the client has generated, and it is likely that the investment firm will make profit in situations whereby the client loses money; the instruments offered for trading are not transferable and, as such, the client could not transfer them to another investment firm nor to another trading venue; the trading rules that apply to the OTC market are different from the trading rules that apply to the trading venue.

4. Information under Art. 3 (3) (c) of Delegated Regulation 2017/576:

"Description of any specific arrangements with any execution venues regarding payments made or received, discounts, rebates or non-monetary benefits received"

DF Markets does not apply different fees/commissions for the execution of clients' orders based on the execution venue as the firm acts as the only execution venue for these orders. Furthermore, DF Markets does not apply different fees or trading conditions to different clients of the company. Consequently, there are no such specific arrangements with any execution venues.

5. Information under Art. 3 (3) (d) of Delegated Regulation 2017/576:

"Explanation of the factors that led to a change in the list of execution venues listed in the firm's execution policy, if such a change occurred"

DF Markets acts as the only execution venue for the orders. In the overviewed period from 1st January 2018 to 31st December 2018 DF Markets did not make any changes to the list of execution venues.

6. Information under Art. 3 (3) (e) of Delegated Regulation 2017/576:

"Explanation of how order execution differs according to client categorisation, where the firm treats categories of clients differently and where it may affect the order execution arrangements"

In terms of execution, DF Markets does not distinguish between orders placed by retail clients and orders submitted by professional clients. It is in both of these cases that the firm strives to obtain the best possible result for the client. A distinction could only be made regarding professional clients as well as retail clients when they place orders of a larger volume/size. In these cases, DF Markets may hedge certain trades and/or positions on the market of the CFD underlying asset, thereby executing such orders at a price significantly different from the one indicated in the order at the time of its submission.

7. Information under Art. 3 (3) (f) of Delegated Regulation 2017/576:

"Explanation of whether other criteria were given precedence over immediate price and cost when executing retail client orders and how these other criteria were instrumental in delivering the best possible result in terms of the total consideration to the client"

In the overviewed period from 1st January 2018 to 31st December 2018 DF Markets did not use other criteria which have taken precedence to the immediate price and the costs related to the order.

8. Information under Art. Article 3 (3) (g) of Delegated Regulation 2017/576:

"Explanation of how the investment firm has used any data or tools relating to the quality of execution, including any data published under Delegated Regulation (EU) 2017/575"

The employees of the Dealing Desk Department of DF Markets perform an analysis of the quality of execution of the clients' orders on a monthly basis by taking a sample of all the executed clients' orders. These are then allocated into 3 (three) groups: market, limit and stop orders.

The percentage of the orders that have been executed in accordance with the best execution requirements is established for each of these three groups. All the attributes and characteristics of the reviewed orders are being analysed against the execution factors as mentioned above in this document.

The monthly reports on the best execution of clients' orders feed into an annual report.

The analysis performed for the period from 1st January 2018 to 31st December 2018 established that:

- ✓ 19.40% of the limit orders have been executed at the price requested by the client;
- ✓ 80.60% of the limit orders have been executed at a price which is better for the client;
- ✓ 86.56% of the stop orders have been executed at the price requested by the client;
- ✓ 13.44% of the stop orders have been executed at a price worse than the one requested by the client;
- ✓ 99.20% of all orders have been executed in accordance with the best execution requirements (i.e. executed at the best available price at the time of their submission).

In conducting the analysis for the period from 1st January 2018 to 31st December 2018, the data published under Delegated Regulation (EU) 2017/575 has been used when making the calculations for this report.

9. Information under Art. 3 (3) (h) of Delegated Regulation 2017/576:

"Where applicable, an explanation of how the investment firm has used output of a consolidated tape provider established under Article 65 of Directive 2014/65/EU"

The provision of Art. 3 (3) (h) of Delegated Regulation 2017/576 does not apply to the activity of DF Markets.



Delta Financial Markets Limited is a company registered in England and Wales

It is authorised and regulated by the Financial Conduct Authority (FCA)

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