

Annual disclosure on the quality of execution – RTS 28

Introduction

Swissquote Capital Markets Limited (“Swissquote”) operates as a Cyprus Investment Firm with license number 422/22 since the 5th of December 2022 and its head office is located at 42 Spyrou Kyprianou, Emerald House, 1st Floor, 3076, Limassol Cyprus.

Swissquote is one of the subsidiaries of Swissquote Group Holding Ltd, a Swiss Group that provides a comprehensive suite of online financial services to a broad spectrum of customers, ranging from retail investors to professional and institutional customers. As at the end of the year 2022, Swissquote was authorised to provide the following investment and ancillary services:

Investment Services:

1. Reception and transmission of orders in relation to one or more financial instruments;
2. Execution of orders on behalf of clients; and
3. Dealing on Own Account.

Ancillary services:

1. Safekeeping and administration of financial instruments, including custodianship and related services;
2. Granting credits or loans to one or more financial instruments, where the firm granting the credit or loan is involved in the transaction;
3. Foreign exchange services where these are connected to the provision of investment services; and
4. Investment research and financial analysis or other forms.

Swissquote is authorised to provide the aforesaid services in relation to all financial instruments outlined in Part III of the First Appendix of the Investment Services and Activities and Regulated Markets Law of 2017, as amended, with the exception of Emission allowances consisting of any units recognised for compliance with the requirements of Directive 2003/87/EC.

Swissquote services are offered in relation to Contracts for Differences (CFDs) on forex, stock indices, stocks, precious metals, commodities and bonds. Swissquote operates online via the approved domains www.swissquote.cy and www.swissquote.eu using the trading platforms of MT4, MT5 and Advanced Trader.

Purpose

The Annual Publication of information on the identity of Execution Venues and on the quality of execution for the year 2022 (“RTS28 Report”) is published by Swissquote, pursuant to Article 28(6) of the Law 87(I)/2017 and Commission Delegated Regulation (EU) 2017/576 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. The RTS28 Report provides a summary of the execution arrangements in place, including the monitoring methodologies established to assess the quality of execution.

Swissquote invites the investors to carefully read the RTS28 Report as it contains information on how it executes orders to various execution venue(s) when acting as principal or agent in relation to the asset class of CFDs. The RTS28 Report provides information on the Order Execution Policy. If you have questions about the RTS28 Report or the Order Execution Policy, please contact us at compliance_sqcm@swissquote.com.

Definitions

“**Aggressive order**” means an order entered into the order book that took liquidity.

“**CIF**” means Cyprus Investment Firm.

“**CTP**” or “**Consolidated Tape Provider**” means a person authorised under MiFID II to provide the service of collecting trade reports for financial instruments listed in Articles 6, 7, 10, 12 and 13, 20 and 21 of Regulation (EU) No 600/2014 from regulated markets, MTFs, OTFs and Approved Publication Arrangements (APAs) and consolidating them into a continuous electronic live data stream providing price and volume data per financial instrument.

“**Directed order**” means an order where a specific execution venue was specified by the client prior to the execution of the order.

“**Execution venue**” includes a regulated market, a multilateral trading facility (MTF), an organised trading facility (OTF), a systematic internaliser, or a market maker or other liquidity provider or an entity that performs a similar function in a third country to the functions performed by any of the foregoing.

“**MiFID II**” means Directive 2014/65/EU of the European Parliament and of the Council on markets in financial instruments.

“**Passive order**” means an order entered into the order book that provided liquidity.

Summary of the analysis on the quality of execution

This section provides a summary of the order execution arrangements set in place by Swissquote. As a newly established CIF (license date 5th of December 2023), no conclusions have been drawn since no business operations were carried out as of the end of the reporting year 2022. Additionally, the tables outlined in Annex II of Commission Delegated Regulation (EU) 2017/576 are not applicable for the reference period 2022.

RELATIVE IMPORTANCE TO THE EXECUTION FACTORS

When executing client orders, Swissquote takes into consideration the following criteria for determining the relative importance of the execution factors, analyzed in detail below:

- The characteristics of the client, including his/her categorization as Retail, Professional or Eligible Counterparty;
- The characteristics of the client order;
- The characteristics of the Financial Instruments that are the subject of that order;
- The characteristics of the execution venues to which that order can be directed.

In addition, when executing clients' orders Swissquote evaluates different execution factors to determine the best possible result for its clients. In particular, it considers, among others, the price, costs, speed, likelihood of execution and settlement, size, nature or any other consideration relevant to the execution of the order.

For retail clients' orders, the best possible result is determined in terms of the total consideration, representing the price of the financial instrument and the costs relating to execution. Although the clients' characteristics are considered when executing their orders, Swissquote does not differentiate between the relative importance on retail and professional clients' orders.

The relative importance (**high**, **medium**, **low**) assigned to each of the aforesaid execution factors as well as general information is presented in the below table:

FACTOR	GENERAL INFORMATION
Price	It represents the market price at which the client's order will be executed. A strong emphasis is given on the quality and level of the price data that is received from external sources in order to provide our clients with competitive price quotes. We do not however guarantee that our quoted prices will be at a price which is as good, or better, than one might have been available elsewhere. The price will vary according to factors such as market liquidity, market rules regarding quotations, bids and offers, etc.
Costs	We take all reasonable steps to keep the costs of the transactions as low and competitive, to the extent possible. The full list of costs and charges relevant to clients' transactions is available in the Key Information Documents, Trading Platforms and the Forex Product Guide.
Speed of Execution	Execution speed and the opportunity for price improvement are critical to every trader and we repeatedly monitor these factors to ensure we maintain our high execution standards.
Likelihood of Execution	Even though we reserve the right to decline a Client order we aim to execute all Clients' orders, to the extent possible.
Likelihood of Settlement	All transactions are settled in cash upon execution of the transaction.
Market Impact	Further details are specified in the Order Execution Policy.
Size of Order	With Swissquote every CFD has a minimum and a maximum trade size. These sizes vary from asset to asset. The size is determined by the market conditions of each underlying asset as well as our own risk management procedures.

DESCRIPTION OF ANY CLOSE LINKS, CONFLICTS OF INTERESTS, AND COMMON OWNERSHIPS WITH RESPECT TO ANY EXECUTION VENUES USED TO EXECUTE ORDERS

During the year under review, Swissquote engaged with Swissquote Bank Ltd (Switzerland) which will be used as the execution venue to execute clients' orders. The latter is an entity within the same group and may use, based on its own execution arrangement, third party brokers for the execution of clients' orders.

With respect to conflicts of interest that are likely to arise from the selection of an execution venue which is an affiliated firm, it is noted that Swissquote set appropriate procedures for the prevention of any conflicts. Such procedures include, among others, the following:

1. the ongoing assessment of the market landscape to determine whether or not there are alternative venues that they could use and proceed with such engagement.
2. Daily assessment of the execution quality offered by the single venue.
3. Use itself as execution venue in the clients' transactions.

SPECIFIC ARRANGEMENTS WITH ANY EXECUTION VENUES

As per the provisions of MiFID II, Swissquote is prohibited from receiving any remuneration, discount or non-monetary benefit for routing orders to a particular Execution Venue as this may be in breach of the requirements relevant to conflicts of interest or inducements. Therefore, no specific arrangements have been concluded with any execution venues regarding payments made or received, discounts, rebates or non-monetary benefits.

EXPLANATION OF THE FACTORS THAT LED TO A CHANGE IN THE LIST OF EXECUTION VENUES

No changes occurred to the list of execution venues during 2022.

HOW ORDER EXECUTION DIFFERS ACCORDING TO CLIENT CATEGORIZATION

As previously mentioned, clients' trades are executed in the same manner irrespective of the client categorization. Swissquote strives to ensure compliance with its overarching obligation to obtain the best possible result of both Retail and Professional Clients.

EXPLANATION OF WHETHER OTHER CRITERIA WERE GIVEN PRECEDENCE OVER IMMEDIATE PRICE AND COST WHEN EXECUTING RETAIL CLIENT ORDERS

N/A. No client orders have been executed during 2022. Therefore, there were no cases where other criteria were given precedence over immediate price and cost when executing retail client orders.

DATA OR TOOLS RELATING TO THE QUALITY OF EXECUTION

An assessment process has been established for the monitoring of its execution quality. The Brokerage Department has been assigned with the responsibility, to monitor, on a daily basis, the execution arrangements by selecting representable samples of executed orders and evaluate such samples pursuant to the metrics described below. As at the end of the reporting year 2022, no automatic solutions have been used for the monitoring of the order execution factors. It is emphasised though that no orders were placed in light of the fact that the license was received on the 5th of December 2022.

The monitoring of the quality of execution will cover the assessment of the execution venue used over the execution factors shown in the above table. In particular, the Brokerage Department will assess the pricing frequency, speed of execution, costs associated with orders, as well as the slippage in terms of volume, types of orders and number of orders. In respect to the fairness of the price, the Brokerage Department shall check the pricing from existing counterparties, as well as other investment firms offering similar products.

USE OF CONSOLIDATED TAPE PROVIDER

Swissquote does not use any CTP.