



MERITKAPITAL UK LIMITED

Execution Quality Summary Statement for the year 2022

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1 PURPOSE

The Execution Quality Summary Statement (“EQSS” or the “Statement”) is a statement that MeritKapital UK Limited (“MKUK” or the “Company”), an Investment Firm authorized and regulated by the Financial Conduct Authority with the license number 720609 is required to disclose to its clients under Regulation EU 2017/576 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.

The EQSS is a summary of the analysis and conclusions the Company drew from its detailed monitoring of the quality of execution obtained on the execution venues where it executed all client orders during the year 2022 covering a full year cycle (hereinafter, the “**Year Under Review**”).

The Company urges its clients and/or potential clients to read the Statement carefully as it contains information on how the Company executes orders to various execution venues when operating under the STP model / offering the investment service of Portfolio Management in relation to the Asset Classes of:

- (a) Equities
- (b) Bonds
- (c) Exchange Traded Funds

The information on the type of order and respective percentage should be disclosed, where applicable:

- “Passive Orders” – characterised as an order that is entered into the order book of a trading venue and provides liquidity;
- “Aggressive Orders” – defined as an order that is entered into the order book of a trading venue and removes liquidity;
- “Directed Orders” – when a specific Execution Venue was specified by the client prior to the execution of the order.

The EQSS along with the accompanying tables will remain on the Company’s website for two years at least post its publication.

2 RELATIVE IMPORTANCE OF EXECUTION FACTORS DURING THE YEAR UNDER REVIEW

The Company when executing Clients' Orders is required under the relevant regulatory framework to assign a relative importance on the following execution factors:

- (a) Price;
- (b) Cost;
- (c) Speed of execution;
- (d) Likelihood of execution;
- (e) Likelihood of settlement;
- (f) Size of order;
- (g) Market impact;
- (h) Nature of order.

For details on how each factor is assessed ex ante when executing clients' orders please refer to the Company's [Order Execution Policy](#). During the Year Under Review the Company offered services to the following categories of clients:

- **Professional Clients**
(Including per-se Professional and elective Professional client)
For these clients, the Company by virtue of the applicable regulatory framework is required to provide best execution in accordance with total consideration whereby total consideration represents the price of the Financial Instrument and the costs related to execution, which include all expenses incurred by the client which directly related to the execution of the Order, including execution venue fees, clearing and settlement fees and any other fees paid to third parties involved in the execution of the order, as applicable.

It is important to note that the Company has a minimal number of Professional Clients (less than 5%), the absolute majority are Eligible Counterparties, hence the Statement may provide misleading picture as to the liquidity providers of the Company.

3 EXECUTION VENUES DURING THE YEAR UNDER REVIEW

During the year under review the Company maintained a business relationship with a several execution venues. Moreover, the Company is a Clearing Member in Cyprus Stock Exchange, a Regulated Market authorised and regulated in the European Union. The Company's other execution venues include investment firms and banks from across the globe including the EU, North America, CIS and MENA regions.

The venues were selected after a due diligence procedure followed by the Company. The execution venues were selected based on multiple criteria that include (non-exhaustive list):

- (a) reputation
- (b) financial strength
- (c) depth of market
- (d) regulatory standing
- (e) ability to provide a wide selection of financial instruments.

The Company has close links through the common ownership with MeritKapital Limited, which is authorised under the Cyprus Securities and Exchange Commission with the license number 077/06, which has access to the credible liquidity providers, which MKUK uses as a bridge to access the best quotes available on the market. Other than that, the Company does not have close links or common ownership structures with any of its execution venues.

4 CHANGE OF EXECUTION VENUES DURING THE YEAR UNDER REVIEW

The Company notes that during the year in review, all the executions were made through MeritKapital Limited as the Company's sole liquidity provider, this venue was able to provide great liquidity and achieve best possible results of execution. Please refer to the Section 9 for the full breakdown.

5 CONFLICTS OF INTEREST

The Company lists (non-exhaustive) the possible conflicts of interest it is facing (inclusive of conflicts of interest in relation to the execution venues it uses) as well as the relative mitigation measures in its [Conflicts of Interest Policy](#).

The Company from the time of its inception up to this point has not entered a business relationship with an Execution Venue that will give rise to potential conflicts of interests that may inhibit the Company from acting in accordance with the Best Interest of its Clients.

6 PAYMENTS OR NON-MONETARY BENEFITS (MADE OR RECEIVED) TO/BY EXECUTION VENUES

During the year under Review, the Company's arrangements with its Execution Venues stipulated that the Company neither paid nor received any monies or non-monetary benefits from said venues. The Company generates its revenues from Commissions/spreads paid by its Clients upon initiating a trading order or under portfolio management fees.

7 TOOLS AND DATA USED DURING THE YEAR UNDER REVIEW.

The Company during the year under Review deployed a number of methodologies and tools in order to monitor, and where applicable adjust, its execution parameters in order to ensure consistency with its overarching obligation to offer the best possible result for its clients' orders. In broad terms the Company monitors on an ongoing basis its execution arrangements by

selecting appropriate samples of orders executed and evaluates the samples in accordance to the following dimensions:

(a) **Evaluating** the Company's execution venues in accordance with the following:

- Pricing Frequency (price updates in real time);
- Speed of execution;
- Frequency and duration of price freezing;
- Depth of liquidity;
- Pricing transparency;
- Slippage frequency, etc.

(b) **Price Fairness** by comparing independent prices relayed by independent market data providers with the prices quoted by its execution venues, as well as comparing prices between execution venues not listed in the company's execution venues list. For this purpose, the Company has subscribed to independent price aggregators (such as Bloomberg, Tradeweb, MarketAxess etc.) and uses quarterly reports published by other Execution Venues that trade similar or identical financial instruments with those offered by the Company.

(c) **Technological prowess** of Company systems (responsiveness of interface, lag, integration with the IT systems of the execution venues etc.)

8 REVIEWS OF EXECUTION MONITORING - CONTROL FUNCTIONS

The Company's brokerage department produces reports on a weekly/monthly/quarterly basis with the evaluation process described above (please refer to Section 6) and if actions are required liaise with the Company's senior management for next steps.

The Company's control functions (Compliance and Internal Audit) scrutinise the monitoring procedure conducted by the brokerage department and the actions taken by the Company's senior management. The Company's control functions present their findings to the Company's Board of Directors at least annually, for further scrutiny and actions.

9 TOP FIVE EXECUTION VENUES FOR THE YEAR UNDER REVIEW PER ASSET CLASS

9.1 EQUITIES

Information on the top five execution venues during the year 2022 (Professional Clients)						
Class of Instrument	Illiquid Equities (Liquidity Bands 1-2)					
Notification if < 1 average trade per business day in the previous year	Y					
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 ^o	Percentage of aggressive orders ^o	Percentage of directed orders	
London Stock Exchange PLC 213800D1EI4B9WTWWD28	100%	100%	100%	0%	0%	

9.2 DEBT INSTRUMENTS (BONDS)

Information on the top five execution venues during the year 2022 (Professional Clients)					
Class of Instrument	Bonds				
Notification if < 1 average trade per business day in the previous year	N				
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 ^o	Percentage of aggressive orders ^o	Percentage of directed orders
FF-Exchange Transactions - Listed Instruments NO LEI	54.09%	58.33%	100%	0%	0%
Bloomberg Trading Facility Limited 549300ROEJDDAXM6LU05	35.23%	33.33%	100%	0%	0%
Bloomberg Trading Facility B.V. 254900QBKK4WBSO3GE51	10.68%	8.33%	100%	0%	0%

9.3 EXCHANGE TRADED PRODUCTS (EXCHANGE TRADED FUNDS)

Information on the top five execution venues during the year 202 (Professional Clients)					
Class of Instrument	Money Market Instruments (Repos)				
Notification if < 1 average trade per business day in the previous year	N				
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
Citadel Securities LLC 12UUJYTN7D3SW8KCSG25	100%	100%	100%	0%	0%