



## **ADG Financial Products LLP – Best Execution Qualitative Disclosure**

To fulfil our obligations under the Markets in Financial Instruments Directive 2014/65/EU (“MiFID II”), ADG Financial Products LLP (“ADGFP”) is required provide the following summary of the analysis and conclusions from our monitoring of the quality of execution obtained on Professional Client orders in the previous year (1<sup>st</sup> January to 31<sup>st</sup> December 2017) in accordance with the Regulatory Technical Standards 28 supplementing MiFID II.

The summary below covers the asset classes of interest rate derivatives and equity derivatives.

### **A summary of the analysis and conclusions the firm draws from its detailed monitoring of the quality of execution obtained on the execution venues where it executed all client orders in the previous year.**

In consideration of achieving best execution, ADGFP takes into account various execution factors, including the price, costs, size, likelihood of execution, the characteristics of the order and the execution venue to which the order could be directed.

During the relevant period, Compliance conducted regular reviews of the quality of execution obtained by the trading desk in relation to interest rate derivatives and equity derivatives, and is satisfied that sufficient steps were taken to obtain best execution.

### **An 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**

ADGFP’s delivery of best execution is a key element in its commitment to act in the best interests of its clients, as well as being a regulatory requirement. The Firm prioritises ensuring that all sufficient steps are taken to obtain the best possible result for its clients when it executes, places or transmits orders on their behalf. This means taking into account the ‘execution factors’ such as price, costs, speed, likelihood of execution and settlement, size, nature or any other consideration relevant to the execution of the order.

The relative importance of the execution factors is judged on an order-by-order basis in line with the Firm’s industry experience and prevailing market conditions. In addition, common key factors for relevant asset classes have been identified as follows:

As a result of ADGFP’s typical business, trading in listed option instruments on behalf of professional client, the determining execution factors are generally price and market impact although this depends on each individual transaction. It should be noted however that if specific instructions are received from or on behalf of a client, ADGFP will give priority to that instruction over the provision of this policy. Where derivatives are executed directly, key factors considered are price, observed volume on exchange, and overall transaction costs.

### **A description of any close links, conflicts of interests, and common ownerships with respect to any execution venues used to execute orders.**

ADGFP occasionally seek prices from ADG Market Making LLP (“ADGMM”), an affiliated firm with common ownership to ADGFP. When receiving specific instructions from a client, ADGFP may determine that ADGFP will achieve an overall better result in the execution of a client order by dealing against ADGMM. Unless it is clear that there is real liquidity on the ‘screen’ to satisfy the client order,



ADGFP will seek a quotation from ADGMM in order to try and secure a better price/size than on the 'screen'. If ADGFP decides that ADGFP is likely to achieve a better result for the client order by dealing through ADGMM, then the client's order will be executed away from the exchange central order book and with the affiliated firm, ADGMM instead.

**A description of any specific arrangements with any execution venues regarding payments made or received, discounts, rebates or non-monetary benefits received.**

ADGFP has not entered into any arrangements with its execution venues regarding payments made or received, discounts or non-monetary benefits that would compromise its ability to meet its obligations in regards to best execution, conflicts of interest or inducements.

ADGFP may on occasion receive or provide minor non-monetary benefits from execution venues. They must be received/provided in accordance with the Firm's Inducements policy.

**An 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**

The list of execution venues contained within the Best Execution policy did not change during the period under review.

**An 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.**

While ADGFP does take the characteristics of its clients into account when judging the relative importance of the execution factors, the Firm's professional clients are treated with a consistent approach.

**An 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.**

Not applicable. The Firm does not execute retail client orders.

**An explanation of how the Firm has used any data or tools relating to the quality of execution, including any data published under Commission Delegated Regulation (EU) 2017/575.**

ADGFP compares the execution prices against the prices displayed and volume available on the market over the period of execution.

**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.**

This is not currently applicable as the services of a Consolidated Tape Provider were not available during the period to which this disclosure relates.



**ADG Financial Products LLP – Best Execution Quantitative Disclosure**

<b>Class of Instrument</b>	<b>Interest Rate Derivatives (Futures and options admitted to trading on a trading venue)</b>	
Notification if <1 average trade per business day in the previous year	<b>Yes</b>	
Top 5 Venues ranked in terms of volume (descending order)	Proportion of volume executed as a percentage of total in that class	Proportion of orders executed as percentage of total in that class
Eurex Exchange (XEUR)	100%	100%

<b>Class of Instrument</b>	<b>Equity Derivatives (Options and Futures admitted to trading on a trading venue)</b>	
Notification if <1 average trade per business day in the previous year	<b>Yes</b>	
Top 5 Venues ranked in terms of volume (descending order)	Proportion of volume executed as a percentage of total in that class	Proportion of orders executed as percentage of total in that class
ADG Market Making LLP (5493007Z7MYII7K6JX02)	100%	100%

This quantitative disclosure report is completed for the period between 1<sup>st</sup> January to 31<sup>st</sup> December 2017.