

# **Transmission Quality Summary Statement**

for the year 2019

On execution arrangements for financial  
instruments

**MEXEM LTD**

CIF 325/17

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## **Purpose**

The Transmission Quality Summary Statement (hereinafter the TQSS or the Statement) is a statement that MEXEM LTD (hereinafter, the “Company”), an Investment Firm authorised and regulated by the Cyprus Securities and Exchange Commission with Licence Number 325/17, is required to disclose to its clients under [Regulation EU 2017/576](#) (RTS 28) 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 TQSS 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 2019, 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 transmits orders to various execution venues when offering the investment service of reception and transmission of Client orders in relation to each Asset Class of financial products.

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

## 1. Relative Importance of Execution Factors during the Year Under Review

The Clients' orders are transmitted for execution to the online trading Platform of Interactive Brokers. The Company acts as agent transmitting the client order received from the Client to the execution venue (i.e. Interactive Brokers). It should be noted that the Clients of the Company during the sign-up phase with the Company also enter in a business relationship with Interactive Brokers that is governed by its own set of terms and conditions. The Clients when entering orders via their terminal they are placing orders directly with Interactive Brokers (i.e. they are not placed with the Company and routed to Interactive). The Company will enter orders on behalf of clients with Interactive (i.e. receive and transmit orders) when the clients are for whatever reason unable to enter them via their own terminal. The Company selected the aforementioned execution venue on the basis of the following factors:

- Price;
- Cost;
- Speed of Execution;
- Likelihood of execution;
- Likelihood of settlement;
- Size of order;
- Market Impact;
- 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:

### (i) Retail Clients

For these clients, 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. This is the reason why Interactive Brokers were selected as the Company's venues where client orders are transmitted as it provides lower transaction fees and is a member of various exchanges around the world allowing clients fast cheap and reliable execution.

### (ii) Professional Clients (including per-se Professional and elective Professionals)

For these clients during the year under review the Company placed emphasis on price and execution costs aligning its execution arrangements for these clients as those applicable to Retail Clients (see point i. above).

## 2. Transmission Venue during the year under review

The Company's transmission venue(s) during the year under review were:

| No. | Name of Execution Venue | Country of Establishment | Commencement date of the relationship with the Company | End date of the Business relationship |
|-----|-------------------------|--------------------------|--|---------------------------------------|
|-----|-------------------------|--------------------------|--|---------------------------------------|

|   |                            |    |      |                     |
|---|----------------------------|----|------|---------------------|
|   |                            |    |      | with the<br>Company |
| 1 | Interactive<br>Brokers LLC | US | 2017 | N/A                 |

The Company has chosen Interactive Brokers (IB) as a transmission venue for transmitting its clients' orders for execution because of the following reasons:

- High regulatory status of IB
- Strength and stability of IB
- It offers a wide range of investment products/ financial instruments
- It offers low commissions and financing rates for execution
- It uses premier technology

### **3. Change of Transmission Venue(s) during the year under review**

The Company notes that during the year under review did not change the list of execution venues as these are listed at point 2 above.

### **4. Conflicts of Interest**

The Company does not have close links or common ownership structures with the abovementioned execution venue.

### **5. Payments or non-monetary benefits (made or received) to/by Execution Venues**

During the year Under Review the Company's arrangement with Interactive Brokers LLC stipulated the Company receives a payment from Interactive Brokers. The Company acknowledges that such a payment from Interactive Brokers LLC entails an inherent conflict of interest on its behalf that may, if not mitigated properly, endanger the Company's obligation to act in the best interest of its Client. The Company has in this respect robust control mechanisms to monitor and mitigate such conflicts, please refer to our [Conflicts of Interest Summary Policy](#).

### **6. 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/facility in accordance to 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/facility, 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, Thompson Reuters, 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.).

## **7. Reviews of Execution Monitoring - Control Functions**

The Company's brokerage department produces reports on a 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.

The Company, under the applicable rules, is obliged to present the top five transmission venues report on an annual basis in a machine readable format (separately for retail and professional clients). Please click [here](#) to download the report for the year under review as a .csv file.