

HYCM (Europe) Ltd
Execution Quality Summary Statement
Year 2017

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1. INTRODUCTION

The *Execution Quality Summary Statement* (hereinafter the “EQSS” or the “Statement”) is a statement that **HYCM (Europe) Ltd** (hereinafter, the “Company” or “HYCM” or “we” or “us”), an Investment Firm authorised and regulated by the Cyprus Securities and Exchange Commission with Licence Number 259/14, is required to disclose to its clients under Regulation EU 2017/576 of 8 June 2016 (RTS 28) 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.

This Statement is relevant to both Retail and Professional Clients (as defined in the Company’s Client Categorisation Policy) which means if the Company classifies a Client as an Eligible Counterparty, this Statement is not relevant to that client.

The EQSS is a summary of the analysis and conclusions the Company drew from its detailed monitoring of the quality of execution obtained from its sole execution venue where it executed all client orders during the year 2017, covering a full year cycle (hereinafter, the “Year Under Review”).

The Company urges its clients and/or potential clients to read the Statement carefully and in conjunction with its Order Execution Policy as available online, as it contains information on how the Company executes orders to various execution venues when operating as an *agent* in relation to CFDs.

The EQSS along with RTS 28 Disclosures will remain on Company’s website for at least two (2) years post its publication.

2. DEFINITIONS

HYCM

HYCM (Europe) Ltd. regulated under the Cyprus Securities and Exchange Commission.

3. RELATIVE IMPORTANCE OF EXECUTION FACTORS

HYCM, when executing client’s orders against its quoted prices as provided by its Liquidity Provider(s), takes into account various execution factors, provided that there are no specific instructions from the client to HYCM about the way of execution of the orders. The execution factors include:

- Price
- Speed and likelihood of execution
- Costs or commissions
- Size and nature of the order
- Market conditions and variations
- Likelihood of Settlement
- Any other direct consideration relevant to the execution of the order

The importance we place on them, depending on the circumstances of the order and clients is discussed on Company’s Order Execution Policy:

4. CLOSE LINKS AND CONFLICTS OF INTEREST WITH RESPECT TO THE EXECUTION VENUES

Execution Venues are the entities to which the orders are placed or to which the Company transmits orders for execution. The Company acts as *an agent* (straight through processing model) and arranges the execution of clients' orders with its sole Liquidity Provider/Execution Venue, Henyep Capital Markets (UK) Limited, authorized and regulated by the Financial Conduct Authority.

The Company maintains close links and common ownership structure with its Liquidity Provider/Execution Venue. The Company evaluated and selected the Liquidity Provider/Execution Venue based on a number of criteria including but not limited to the regulatory status of the institution and financial strength.

Irrespective of the fact that both the Company and the Liquidity Provider/Execution Venue share a close relationship, the Company has sufficient safeguards in place against any potential conflicts of interest that may arise. For more information in relation to the mitigating measures HYCM applies is included in the Company's Conflict of Interest Policy as available online.

5. PAYMENTS OR NON-MONETARY BENEFITS MADE TO OR RECEIVED BY THE EXECUTION VENUE

The Company does not add a mark-up on the spread of the underlying CFD as received from its execution venues prior to offer it to its Clients nor receives commission from the spreads/swaps earned by its Liquidity Provider/Execution Venue. Company's payment arrangements with its Liquidity Provider/Execution Venue is not linked with clients' trading activity.

6. CHANGE OF EXECUTION VENUES DURING THE YEAR UNDER REVIEW

During the Year Under Review there was no change in the execution venue.

7. ORDER EXECUTION DIFFERENCES BASED ON CLIENT CATEGORIZATION

The order execution may differ only for eligible counterparty clients. During the Year Under Review the Company offered its services to Retail Clients only.

For Retail Clients the best possible result will be determined in terms of the total consideration, representing the price of the financial instruments and the cost related to execution which shall include all expenses incurred by the Client which are directly related to the execution of the order and any other fees paid to third parties involved in the execution of the order. The other execution factors of speed, likelihood of execution size, nature or any other relevant consideration will, in most case, be secondary to price and cost considerations, unless they would deliver the best possible result for the client in terms of total consideration. When assessing if best execution has been achieved, HYCM does not take into account its standard charges that will be paid by the client.

8. CRITERIA FOR EXECUTING RETAIL CLIENT ORDERS

For Retail Clients the best possible result will be determined in terms of the total consideration, representing the price of the financial instruments and the cost related to execution which shall include

all expenses incurred by the Client which are directly related to the execution of the order and any other fees paid to third parties involved in the execution of the order. The other execution factors of speed, likelihood of execution size, nature or any other relevant consideration will, in most case, be secondary to price and cost considerations, unless they would deliver the best possible result for the client in terms of total consideration. When assessing if best execution has been achieved, HYCM does not take into account its standard charges that will be paid by the client

9. TOOLS AND DATA USED FOR THE ASSESSMENT OF BEST EXECUTION

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:

- Speed of execution (Latency)
- Frequency and duration of Price Freezing (Halts)
- Depth of liquidity
- Slippage Frequency and Slippage Symmetry (Positive vs Negative)
- Requote and Rejection Rates
- Complaint Analytics
- Availability of Trading Assets
- Any possibility of wrongly matched orders
- Price Fairness by comparing the execution prices clients received against the price of other brokers at the moment of execution.

10. REVIEWS OF EXECUTION MONITORING

The Company's Brokerage Department monitors execution on a regular basis for example quarterly 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 and/or the Liquidity Provider. The Company's control functions present their findings to the Company's Board of Directors at least annually, for further scrutiny and actions.

HYCM (Europe) Ltd

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Risk Warning

*CFDs are complex instruments and come with a high risk of losing money rapidly due to leverage.
100% of retail investor accounts lose money when trading CFDs with this provider.
You should consider whether you understand how CFDs work and whether you can afford to take the
high risk of losing your money.*