

Regulatory Technical Standard 28 (RTS 28) Reporting

January 2019 - December 2019

1. Summary

Tera Europe Limited trading as TeraFX and Tera Finacial (“TE”, the “Firm”) is a straight through processing (“STP”) broker. TE’s execution quality as an STP broker is very much dependent on liquidity and availability of instruments from its liquidity providers (“LPs”) and Prime Borkers (“PBs”). TE monitors orders execution regularly and works with a number of LPs to continuously improve execution quality.

During 2019, TE offered two classes of financial instruments, namely Contract for Differences (“CFD”) and Equities professional clients. Whereas, TE’s retail clients had access to CFDs only. CFDs products offered by TE range from FX to Indices, Commodities and Precious Metals.

TE’s execution policy for retail and professional clients is not to give precedence to execution factors other than price and costs (“**Total Consideration**”) unless they are instrumental in delivering the best possible results for client’s order execution.

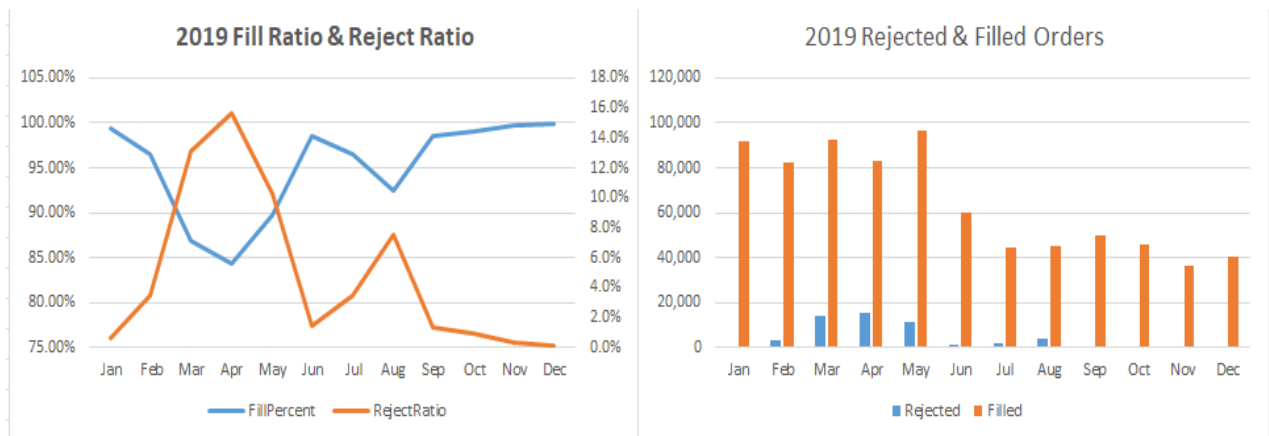
2. CFDs Quality of Execution

Priority LP is determined per product group based on terms offeres such as price, costs, latency, swap rates and reviewed periodically based on daily provider slippage report. Priority LP is defined on symbols basis in an automated bridge and order are directed to priority LPs. The Firm employs a transparent cost structure with no hidden commissions or fees. Main cost items for clients are spread and swap costs. In addition, the Firm monitors average raw spreads of LPs in all products on daily basis. TE’s benchmark for the best price is 95%.

During the year, the Firm’s usual LPs’ order reject ratio was below 3%. The reason for the relatively higher reject ratio in February, March, April and May was mostly due to lack of sufficient liquidity in our LPs compared to the heavy flow in some symbols mostly in after hours. However, all rejected orders were filled after second or third try. Barring these orders, reject ratio is less than 1% in these months. In July 2019, The reason for the relatively higher reject ratio was an issue regarding a setup of an one client account. The issue was resolved immediately and all orders of that client were filled after second or third try. Barring this client, reject ratio is 1.1% for the month. In Aug 2019, The rejects were mostly related to

only one client. The client's EA sent orders at the levels not available in the market hence the rejects. All rejects were filled in the second or third try when prices were modified. Barring this client, reject ratio is 1.2% for the month.

Table 1. ORDER REJECT RATIOS -LPS 2019 ANNUAL DATA:



During 2019, orders' execution latency was within reasonable range: 117 milliseconds on average.

Table 2. AVERAGE DURATION OF ORDERS PER MONTH IN 2019

2019	Average Duration (ms)	Average Max Duration top 10% (ms)	Average Min Duration bottom 10% (ms)	Total orders
Jan	106	214	34	92125
Feb	119	367	23	82444
Mar	143	551	24	92573
Apr	153	552	23	82759
May	159	692	26	96583
Jun	135	586	19	60081
Jul	100	226	22	44690
Aug	96	230	17	45429
Sep	95	247	17	49725
Oct	101	301	17	45937
Nov	94	185	16	36170
Dec	99	198	14	40152
2019 AVERAGE	117	363	21	

* ms: millisecond

For information regarding PROFESSIONAL clients as per Annex II of Commission Delegated Regulation (EU) 2017/575 see table 3 below.

Table 3. PROFESSIONAL CLIENTS

Class of Instrument	Contracts for Difference				
	N				
<i>Notification if <1 average trade per business day in the previous year</i>					
Top five execution venues ranked in terms of trading volumes (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	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders
TMP (529900WZQBZ6KA701930)	47.36%	18.75%	0.00%	100.00%	0.00%
Squared (635400GNRY1S6JXJSV51)	41.95%	69.11%	0.00%	100.00%	0.00%
ISPRIME HK(54930069ZHRSYSPI5H57)	0.00%	0.00%	0.00%	100.00%	0.00%
ISPRIME UK(549300F62BRRDZKCUZ58)	0.17%	0.02%	0.00%	100.00%	0.00%
IG(21380017XKSVQ3LC3V75)	0.02%	0.03%	0.00%	100.00%	0.00%
CFH (549300FSY1BKNGVUOR59)	10.50%	12.04%	0.00%	100.00%	0.00%

For information regarding RETAIL clients as per Annex II of Commission Delegated Regulation (EU) 2017/575 see table 4 below.

Class of Instrument	Contracts for Difference				
	N				
<i>Notification if <1 average trade per business day in the previous year</i>					
Top five execution venues ranked in terms of trading volumes (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	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders
TMP (529900WZQBZ6KA701930)	92.92%	81.21%	0.00%	100.00%	0.00%
Squared (635400GNRY1S6JXJSV51)	4.88%	13.11%	0.00%	100.00%	0.00%
ISPRIME HK(54930069ZHRSYSPI5H57)	0.00%	0.00%	0.00%	100.00%	0.00%
ISPRIME UK(549300F62BRRDZKCUZ58)	0.02%	0.13%	0.00%	100.00%	0.00%
IG(21380017XKSVQ3LC3V75)	0.00%	0.00%	0.00%	100.00%	0.00%
CFH (549300FSY1BKNGVUOR59)	2.18%	5.55%	0.00%	100.00%	0.00%

1. Equities Quality of Execution

During 2019, TE worked with Global Prime Partners (“GPP”) - a Prime Broker to enable access to the stock exchange(s) for equity products.

For information regarding PROFESSIONAL clients as per Annex II of Commission Delegated Regulation (EU) 2017/575, see table 5 below.

Table 5. PROFESSIONAL CLIENTS

Class of Instrument	(a) Equity - Shares (i) Tick size liquidity bands 5 and 6 (from 2000 trades per day)				
<i>Notification if <1 average trade per business day in the previous year</i>	Y				
Top five execution venues ranked in terms of trading volumes (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	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders
GPP (213800P92PNWWOSITY17)	100%	100%	0%	100%	0%

Information regarding RETAIL clients as per Annex II of Commission Delegated Regulation (EU) 2017/575: TE had no retail clients trading in “(a) Equities – Shares & Depositary Receipts” class of financial instrument.

Other

Close links, conflicts of interests, and common ownerships: Among the Clearers, TE uses Tera Yatırım Menkul Degerler (“TMP”). TMP does not provide price feed, however. There are no close links with other LPs. No conflict of interest was identified between TE and its LPs.

Specific arrangements with execution venues: TM absorbs negative balance amount incurred by TE’s retail clients as a result of protection required by TE’s regulator. TMP reimburses the negative balances to TE irrespective of LPs at which negative balance is related. TE cannot take market risk due to its licence limitation; as such this risk is passed to TMP. TMP is adequately capitalised to absorb this risk. TE has no other relevant arrangements or monetary and non-monetary benefits with any of its LPs.

Change in the list of execution venues: For CFDs, in 2019 vs 2018, TE did not work with Swiss Quote and Alpha Tech, instead TE added IG. In mid-December 2019, TE signed with a second PB for cash equity products, however, the systems set up and testing was carried to 2020.

Execution differences according to client categorisation: TE’s Best Execution Policy applies to both Retail and Professional client categories. There are no major differences; total consideration is the main factor in the execution.

Data or tools relating to the quality of execution: TE monitors LPs latency and slippages for client orders regularly. TE switches and updates list of LPs based on the analysis of LPs' performance, which includes execution quality, product portfolio and margin requirements offered.

Venues Index:

ABBREVIATION AND LEI	LEGAL NAME
TMP (529900WZQBZ6KA701930)	TERA YATIRIM MENKUL DEĞERLER
SQUARED (635400GNRY1S6JXJSV51)	SQUARED FINANCIAL SERVICES LIMITED
ISPRIME HK(54930069ZHRYSPI5H57)	IS PRIME HONG KONG LIMITED
ISPRIME UK(549300F62BRRDZKCUZ58)	IS PRIME LIMITED
IG(21380017XKSVQ3LC3V75)	IG MARKETS LIMITED
GPP (213800P92PNWWOSITY17)	GLOBAL PRIME PARTNERS LTD

More information on Tera Europe's products and services

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