

# Regulatory Technical Standard 28 (RTS 28) Reporting

January 2020 - December 2020

## 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 2020, TE offered two classes of financial instruments, namely Contract for Differences (“CFD”) offered to all client categories and Equities offered to professional clients only. CFDs products offered by TE range from FX to Indices, Commodities and Precious Metals. Equity products are Turkish listed stocks.

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.

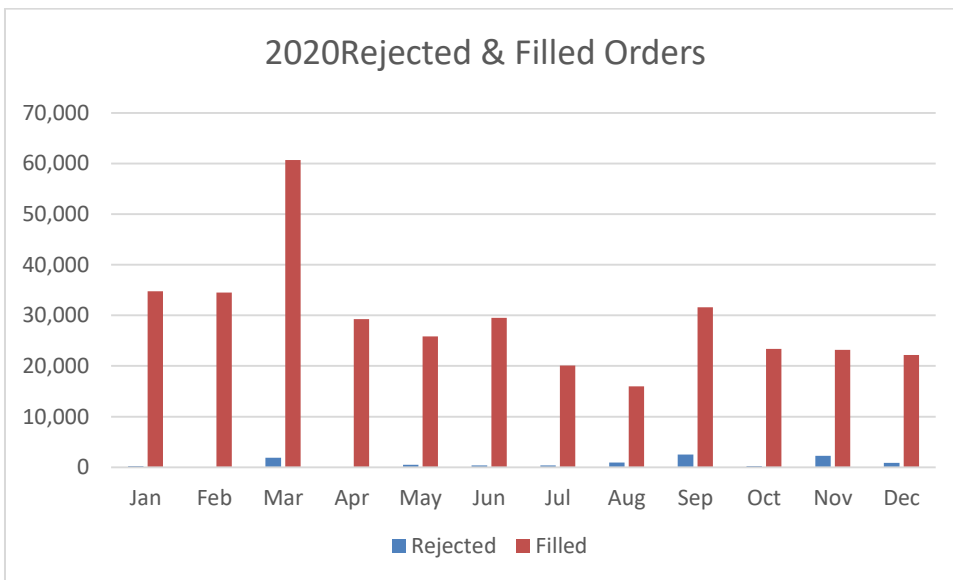
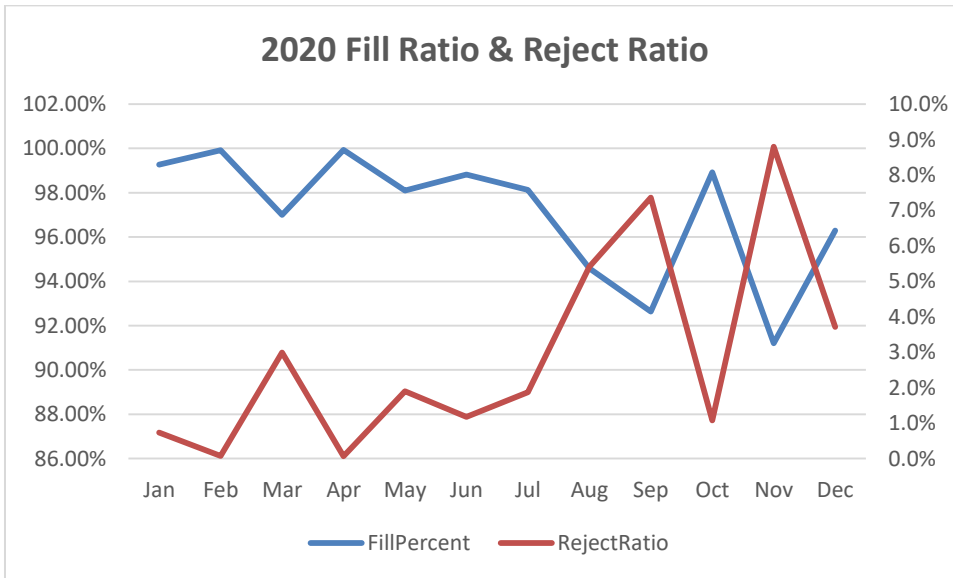
## 2. CFDs Quality of Execution

Priority LP is determined per product group based on terms offered 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 August, September, November and December was mostly related to four clients. The client's Expert Advisor sent orders at the levels not available in the market hence the rejects. All rejects were filled in the second or third attempt when prices were modified. Barring these clients, reject ratio is 0.1% in these months. In March 2020, The reason for the relatively higher reject ratio was downside price limits for US futures and trading

suspension for US futures. A Client sent US futures orders when Trading was suspended. Barring this client, reject ratio is 0.02% for the month.

**Table 1. ORDER REJECT RATIOS -LPS 2020 ANNUAL DATA:**



During 2020, orders' execution latency was within reasonable range: 106 milliseconds on average.

**Table 2. AVERAGE DURATION OF ORDERS PER MONTH IN 2020**

2020	Average Duration (ms)	Average Max Duration top 10% (ms)	Average Min Duration bottom 10% (ms)	Total orders
Jan	120	401	12	34753
Feb	113	285	13	34483
Mar	108	228	10	60715
Apr	109	215	13	29289
May	100	234	10	25873
Jun	122	387	11	29519
Jul	86	134	10	20075
Aug	97	140	9	15989
Sep	103	152	13	31625
Oct	105	195	11	23407
Nov	105	170	13	23174
Dec	105	170	12	22148
<i>* ms: millisecond</i>				
<b>2020AVERAGE</b>	<b>106</b>	<b>226</b>	<b>11</b>	

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 &lt;1 average trade per business day in the previous year</i>	N				
<b>Top five execution venues ranked in terms of trading volumes (descending order)</b>	<b>Proportion of volume executed as a percentage of total in that class</b>	<b>Proportion of orders executed as percentage of total in that class</b>	<b>Percentage of passive orders</b>	<b>Percentage of aggressive orders</b>	<b>Percentage of directed orders</b>
TMP (529900WZQBZ6KA701930)	43.82%	81.64%	0.00%	100.00%	0.00%
Squared (635400GNRY1S6JXJSV51)	18.88%	2.89%	0.00%	100.00%	0.00%
ISPRIME HK(54930069ZHRYSYPI5H57 )	0.01%	0.03%	0.00%	100.00%	0.00%
ISPRIME UK(549300F62BRRDZKCUZ58)	2.84%	5.16%	0.00%	100.00%	0.00%
IG(21380017XKSVQ3LC3V75)	13.35%	5.22%	0.00%	100.00%	0.00%
CFH (549300FSY1BKNGVUOR59)	21.11%	5.07%	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 &lt;1 average trade per business day in the previous year</i>					
<b>Top five execution venues ranked in terms of trading volumes (descending order)</b>	<b>Proportion of volume executed as a percentage of total in that class</b>	<b>Proportion of orders executed as percentage of total in that class</b>	<b>Percentage of passive orders</b>	<b>Percentage of aggressive orders</b>	<b>Percentage of directed orders</b>
TMP (529900WZQBZ6KA701930)	91.67%	97.07%	0.00%	100.00%	0.00%
Squared (635400GNRY1S6XJSV51)	0.81%	0.90%	0.00%	100.00%	0.00%
ISPRIME UK(549300F62BRRDZKCUZ58)	2.26%	0.45%	0.00%	100.00%	0.00%
IG(21380017XKSVQ3LC3V75)	0.01%	0.01%	0.00%	100.00%	0.00%
CFH (549300FSY1BKNGVUOR59)	5.25%	1.58%	0.00%	100.00%	0.00%

## 1. Equities Quality of Execution

During 2020, TE worked with Global Prime Partners (“GPP”) and Wood and Co (“Wood”) - Prime Brokers 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.

Class of Instrument	(a) Equity - Shares (i) Tick size liquidity bands 5 and 6 (from 2000 trades per day)				
<i>Notification if &lt;1 average trade per business day in the previous year</i>	Y				
<b>Top five execution venues ranked in terms of trading volumes (descending order)</b>	<b>Proportion of volume executed as a percentage of total in that class</b>	<b>Proportion of orders executed as percentage of total in that class</b>	<b>Percentage of passive orders</b>	<b>Percentage of aggressive orders</b>	<b>Percentage of directed orders</b>
WOOD (549300UYJKOXE3HB8L79)	92.27%	89.96%	0.00%	100.00%	0.00%
GPP (213800P92PNWWOSITY17)	7.73%	10.04%	0.00%	100.00%	0.00%

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:* In later 2020, TE signed with Credit Financier Invest Limited (LEI 213800GJCMLUDGJ89L17), the systems set up and testing was carried to 2021. TE has exited GPP as PB for cash equity products due to discontinuation of the service by GPP.

*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(54930069ZHRSYSP15H57)	IS PRIME HONG KONG LIMITED
ISPRIME UK(549300F62BRRDZKCUZ58)	IS PRIME LIMITED
IG(21380017XKSVQ3LC3V75)	IG MARKETS LIMITED
CFH (549300FSY1BKNGVUOR59)	CFH CLEARING LIMITED
GPP (213800P92PNWWOSITY17)	GLOBAL PRIME PARTNERS LIMITED
WOOD (549300UYJKOXE3HB8L79)	WOOD & COMPANY FINANCIAL SERVICES, A.S.

### More information on Tera Europe’s products and services

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