



**MiFID II Execution Quality Summary Statement
and Identity of Execution Venues Annual
Publication**

HOCH CAPITAL LTD

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A. INFORMATION ON THE QUALITY OF EXECUTION OBTAINED DURING 2019

PURPOSE:

The publication of this information relates to the Quality of Execution obtained by the execution venues used by Hoch Capital Ltd. (hereinafter referred to as the “Company”) during the reporting year 2019 for executing clients’ orders. This analysis provides an overview of how the Company executed clients’ orders and the factors that were taken into consideration.

This publication will provide a clear picture of the execution strategies and tools used by the Company to assess the quality of execution obtained and will also allow investors to assess the effectiveness of the monitoring carried out by the Company in relation to those execution arrangements. It is suggested for this publication to be read in conjunction with the Order Execution Policy available on the Company’s website.

The content of information is reviewed on an annual basis and reflects the data of the previous year.

Table 1 – Retail Clients

Class of Instrument	Contracts for Difference				
Notification if <1 average trade per business day in the previous year	N				
Top five execution venues ranked in terms of volume (descending order)	Proportion of volume traded 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
Bayline Trading Limited (549300CRL6RUCZ8CU298)	75.10%	76.15%	N/A	100%	N/A
Basfour 3773 (PTY) Ltd. (549300NVFZHA59YONB32)	17.10%	16.96%	N/A	100%	N/A
OBR Investments Ltd. (213800WYGKF2K3TGPT48)	7.80%	6.89%	N/A	100%	N/A
N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A

Table 2 – Professional Clients

Class of Instrument	Contracts for Difference				
Notification if <1 average trade per business day in the previous year	N				
Top five execution venues ranked in terms of volume (descending order)	Proportion of volume traded 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
Bayline Trading Limited (549300CRL6RUCZ8CU298)	76.97%	70.68%	N/A	100%	N/A
Basfour 3773 (PTY) Ltd. (549300NVFZHA59YONB32)	18.53%	23.85%	N/A	100%	N/A
OBR Investments Ltd. (213800WYGKF2K3TGPT48)	4.50%	5.46%	N/A	100%	N/A
N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A

B. Summary of the analysis and conclusions drawn from the monitoring of the quality of execution obtained on the execution venues used in 2019:

EXECUTION FACTORS DURING 2019

The Company, when managing client's orders takes into account various execution factors, provided that there are no specific instructions from the client to the Company about the way of execution of the orders. The execution factors include:

- Price;
- Costs;
- Speed of execution;
- Likelihood of execution;
- Likelihood of settlement;
- Size of order;
- Market impact; and
- Any other consideration relevant to the execution of the order.

The abovementioned factors are further described below:

Price

The Company quotes a two – way price for each CFD offered (CFDs on FX, commodities, indices, equities, virtual currencies).

This two-way price consists of a Bid (lower price which is the price at which a client may “Sell” the CFD) and an Ask (the higher price which is the price at which a client may “Buy” the CFD).

The difference between Bid and Ask price is commonly referred to as “Spread”. More information on spreads can be found on the Company's website.

Mark-up: Client may be charged a mark-up on spread when trading CFDs through MT4. Further information is available on our website.

Going Long, Going Short

- Trading the long side in practice means that one has used a Buy instruction as their opening CFD trade. “Going long” means opening a Buy CFD position to profit from an underlying asset's potential price increase. One can buy at Ask Price. A Buy order means that one predicts an increase in the asset's price and that he/she will subsequently use a Sell order to close their position.
- Trading short side implies that one has opened their CFD trade using a Sell order. “Going short” refers to opening a Sell CFD position to profit from an underlying asset's potential price decrease. One will Sell at the Bid Price. A Sell order implies that one predicts an asset

price to decrease and that he/she will subsequently use a Buy order to close their position.

- Bid-Ask Spread: For any given financial instrument, we quote two prices: the higher price (Ask), at which the client can buy (go long) a financial instrument, and the lower, price (Bid) at which the client can sell (go short); collectively, referred to as the Company's prices. The differences between Bid and Ask price of a given financial instrument is the spread, which includes the Company's mark-up for MetaTrader 4, if any.
- Pending Orders: Orders such as "Buy Limit", "Buy Stop" and "Stop Loss"/ "Take Profit" for open short positions are executed at the Ask price. Orders such as "Sell Limit", "Sell Stop" and "Stop Loss" / "Take Profit" for open long positions are executed at the Bid price.
- Our price for given financial instrument is calculated by referencing the price of the relevant underlying asset, which is obtained from third-party liquidity and data providers. We update our prices as frequently as the limitations of technology and communication links allow. We will quote any price outside of our operational hours.

The Company reviews its external reference sources from time to time to make sure that the data obtained continually remains competitive.

Any price outside the Company's operations time, will not be quoted by the Company, thus no orders are to be placed by the clients during that time.

If the price reaches an order such as: Stop Loss, Take Profit, Buy Limit, Buy Stop, Sell Limit or Sell Stop, these orders are immediately executed.

However, under specific trading conditions it might not be possible to execute orders (Stop Loss, Take Profit, Buy Limit, Buy Stop, Sell Limit or Sell Stop) at the requested price.

Under such circumstances, the Company has the right to execute the order at the first price available. For instance, this might be the case at times of rapid price fluctuations if the price increases or decreases in one trading session to such a magnitude that, under the rules of the relevant exchange, trading is suspended or restricted, or this could occur at the opening of trading sessions.

The minimum level for placing Stop Loss, Take Profit, Buy Limit, Buy Stop, Sell Limit and Sell Stop orders, for a given CFD, is specified under the Company's Terms and Conditions / Agreement.

Costs

The value of opened positions which was held overnight for CFDs may be increased or reduced by a “swap rate”, throughout the course of the contract (i.e. closing of position). The swap rates are based on prevailing market interest rates, which can vary over time. Details regarding swap rates can be found on the Company’s website.

For all types of CFDs offered, the swap rates are not included into the Company’s quoted price and are instead charged to the client account.

Speed of Execution

The Company greatly values reception and transmission of client’s orders for execution and aims to offer the highest possible speed of execution within the restraints of technology and communications means.

For example, when clients use a wireless connection or any other communication link that can generate weak internet connection, unstable connectivity may be caused affecting the Company’s trading platform and thus resulting to clients placing orders at a delay and in turn the orders to be executed at better or worst prevailing prices.

Likelihood of Execution

In certain cases, it might be impossible to place an order for execution.

These may include, but are not limited to the following cases:

- During news times;
- Trading session start moments;
- Volatile markets where prices may move significantly up or down and away from declared prices;
- During rapid price movement;
- During insufficient liquidity for the execution of the specific volume at the declared price;
- During a force majeure event.

In cases where the Company or the Liquidity Provider is unable to proceed with reception and transmission of client’s orders or execution of orders with respect to price or size or any other reason, the order will not be executed.

Moreover, the Company is entitled, at any time and at its discretion, without prior notice or explanation to the client, to decline or refuse to transmit or arrange for the execution of any order or request or instruction of the client, under circumstances included in the Terms and Conditions / Order Execution Policy available on the Company’s website.

Likelihood of settlement

The Products offered by the Company do not include the delivery of the underlying asset, therefore, there is no settlement as there would be for instance if the client had purchased shares instead.

Size of order

The actual minimum size of an order is different for each type of account. A lot is a unit measuring the transaction amount and it differs for each type of CFD. Please refer to the Company's website for further information on the value of minimum size of an order and each lot for a given CFD type.

The Company reserves the right to decline an order as explained in the agreement entered with the client. Please refer to the Company's website for the value of the maximum volume of the single transaction.

Market Impact

The Company will take all sufficient steps to obtain the best possible result for its clients even in the cases where certain factors may affect the underlying instrument's price from which the quoted price of the Company is derived, or other factors listed in the Order Execution Policy. It should be noted that the Company does not consider the above list as exhaustive and the order in which the factors stated above are presented shall not represent their importance.

The Company also ensured that the execution venue(s) can cover the Negative Balances of its clients.

CONFLICT OF INTEREST

The Company implements and has in place sufficient measures to mitigate such conflicts. The Company's approach to identify and prevent conflicts of interests is set out in the Conflicts of Interests Policy.

PAYMENTS OR NON-MONETARY BENEFITS BETWEEN THE COMPANY AND ITS EXECUTION VENUES

The Company has standard arrangements in place with all execution venues used to execute client orders which are legally binding contracts which among other content, include all due processes in compliance and safeguarding of client's interest.

CHANGE OF EXECUTION VENUES DURING THE PERIOD UNDER REVIEW

During the period under review, the Company entered into agreement with an additional regulated Execution Venue(s) – LMAX Broker Limited which is authorised and regulated by the UK's Financial Conduct Authority, as a part of the Company's effort to cooperate with a number of different liquidity providers and ensure best execution of its clients' orders. In addition, further to the Commission's rule on the "Implications of the Negative Balance Protection requirement ("NBP") and the Adequacy of Risk Transferring Arrangements" and implementing Decision (EU) 2016/30, the Company commenced cooperation with Bayline Trading Ltd (Belize) and ceased agreement with Basfour 3773 (PTY) Ltd (South Africa, member of G20). As of December 31st, 2019, the Company operated with Bayline Trading Ltd, OBR Investments Ltd.

HOW ORDER EXECUTION DIFFERS ACCORDING TO CLIENT CATEGORISATION

The Company did not differ the order execution practice regarding the client categorization.

MONITORING OF QUALITY OF EXECUTION

The Company in order to fulfil the requirements of its Order Execution Policy implemented procedures which evidence that the Company's execution venues will deliver the best possible result to its clients. It is further noted that the Company has established monitoring procedures for examining the quality of order(s) execution obtained on clients' behalf to ensure effectiveness of its policy in place. The Company monitors the quality of execution on an ongoing basis and assesses whether it needs to make any amendments. The monitoring is performed by the Company's Brokerage Department which takes into consideration the following:

- Price updates;
- Latency (speed of execution – time from reception to execution);
- Price freezing or halts;
- Spread widening;
- Technology - connectivity of platforms with the execution venue;
- Comparison or pricing; and
- Slippage (the difference between the expected price of an order and the price at which the order is executed).

The above monitoring procedure is reviewed on a regular basis by the Company's control functions (e.g. compliance, internal audit).