

We support ESMA's position on PFOF and stand with retail investors – always.

Equiduct was created to help retail investors gain access to European markets and receive Best Execution, leading positive change in pan-European trading. At our core is the belief that exchanges must do more to deliver the goals set out in MiFID for retail investors. We stand with retail investors.

We do not support or provide Payment for Order Flow.

Defining the terms

ESMA

The European Securities and Markets Authority (ESMA) is the European Union's (EU) securities markets regulator. It is an independent body that helps to protect investors and promote a safe and stable financial infrastructure, through its supervisory role.

MiFID

The Markets in Financial Instruments Directive (MiFID) is a set of regulations which are the cornerstone of the EU's regulation of financial markets. MiFID created a single market for investment services and activities across the EU, and opened a competitive landscape between exchanges, thus creating a fragmented market for trading in individual securities. MiFID II replaced MiFID I in January 2018, with the purpose to strengthen this investor protection, by defining the current rules for Best Execution which require brokers to obtain the best possible result for their end clients.

Payment for Order Flow (PFOF)

PFOF is defined as an arrangement whereby a broker receives payment in exchange for sending order flow to a specific execution partner. According to MiFID, and something ESMA was clear to point out, this practice causes a potential conflict of interest between a firm and its end clients. This is because the broker is incentivised to direct client orders to a specific market maker, offering payment in return for flow, rather than routing to the venue which will deliver the best possible outcome for the end client.

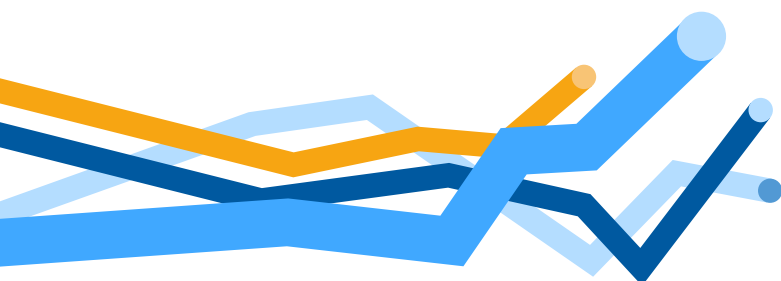
Best Execution

Article 27(1) of MiFID II sets out detailed requirements for brokers to deliver Best Execution for their clients. A variety of factors must be taken into account, but for retail client orders it is clear that achieving the best price for the client is a key priority.

Apex

Apex is Equiduct's retail Best Execution service which operates in a regulated, multi-lateral, CCP-cleared trading venue.

Equiduct is a market segment of the Börse Berlin AG, a regulated market operator under Article 44 of MiFID II.



How we stand with retail investors in support of ESMA's position

ESMA issued a public statement in July 2021 to clarify what Payment for Order Flow (PFOF) is and remind firms that the receipt of PFOF raises significant investor protection concerns.

This is how we stand with retail investors in support of ESMA's position:

1

We do not support or provide Payment for Order Flow

Equiduct does not support or provide Payment for Order Flow, nor do we enable PFOF between trade counterparties connected to our exchange.

It's important to state that driving down the cost of trading via zero execution fees for retail brokers – which our Apex service does – does not constitute PFOF; there is no payment for the receipt of order flow.

We operate like any other stock exchange and trades on Equiduct happen according to our public Exchange Rules which are fully compliant with MiFID.

2

Our Fee Schedule is public, transparent and available for all to see

We have a public fee schedule, which is MiFID-compliant. Our members know exactly what fees they will pay when trading on Equiduct. Whilst we offer a zero execution fee for retail orders eligible for our Apex service, they are still required to pay membership and connectivity fees, all of which are clearly outlined in the same document.

3

Apex is multilateral

Apex is a multilateral service, where trading occurs between multiple counterparties and market makers, and therefore does not represent a "single market maker" model where that sole market maker could pay brokers to interact with their flow.



**We stand
with retail
investors,
always.**

Get in touch

London

70 St Mary Axe,
London, EC3A 8BE

United Kingdom

Tel: +44 (0)203 595 1500

www.equiduct.com

Madrid

Calle de María de Molina
41, Madrid 28006

España

Tel: +34 91 905 1217

Milan

Piazza Vetra 17,
Milan 20123

Italia

Tel: +39 024127314

info@equiduct.com