

## **Best Execution Policy**

### 1. Introduction and Purpose

1.1 Under the MAS Notice on Execution of Customers' orders (SFA 04-N16), Orient Futures International Singapore ("OFIS") is required to establish and implement written policies and procedures which commensurate with the nature, scale, and complexity of its business:

- (i) To place or execute or both, customers' orders on the best available terms; and
- (ii) To place or execute or both, comparable customers' orders in accordance with the time of receipt of such orders.

1.2 This document sets out the Best Execution Guide ("Guide") for OFIS and the considerations and approach taken by OFIS to obtain the best execution terms when placing and executing orders for its customers.

### 2. Definition and Scope

2.1 Best execution broadly refers to a broker's duty to place or execute or both, customers' orders on the best available terms.

2.2 Best execution is applicable when executing customers' orders directly on an execution venue or placing customers' orders with another capital markets, intermediary or person who is licensed, authorised, regulated, or otherwise exempted in relation to dealing in capital markets products in a foreign jurisdiction, for execution.

2.3 The Guide summarised in this document applies to OFIS'S equity broking service comprising of arranging the execution of transactions in the following instruments regardless of whether the customers' orders are executed on-exchange or off-exchange:

- (i) Cash Equities
- (ii) Exchange Traded Funds
- (iii) Global Depositary Receipts
- (iv) Warrants
- (v) Any other listed securities

2.4 This Guide applies to all customers. OFIS generally does not differentiate its treatment of customers based on their classification as a retail, accredited investor ("AI"), expert investor or institutional investor ("II") under the Securities and Futures Act.

### 3. Receipt and transmission of orders and instructions

3.1 To the extent that OFIS follows specific instructions received from a client, OFIS is deemed to have satisfied its best execution obligations when it places the clients' order in accordance with those instructions and subject to compliance with local regulation. Where the instructions relate to only part of an order, OFIS will continue to apply this Guide to those aspects of the order not covered by specific instructions.

#### 4. Quality of execution

4.1 Upon receipt and acceptance of instructions from a client relating to an order in respect of a transaction in the instruments mentioned in 2.3 above, OFIS will ensure that any order is executed in accordance with the Guide summarised herein (or will otherwise act in accordance with the best interests of clients when transmitting orders to other persons for execution).

4.2 There may be cases where as a result of circumstances outside OFIS's control, it may be appropriate to use an execution method or venue other than one described in this Guide. This may be due, for example, to the order size, inadequate liquidity in the security concerned on the relevant exchange, or the availability of an agency cross. In such cases, OFIS will nevertheless take all sufficient steps to obtain the best possible result taking into account the execution factors below or will otherwise act in accordance with the best interests of clients when transmitting orders to other persons for execution.

#### 5. Execution factors and criteria

5.1 When executing orders on behalf of customers, OFIS will consider a range of execution factors to achieve the best execution terms for its customers. While some execution factors may merit a higher relative importance, there are situations where the relative importance of these factors may change in accordance with the instruction provided by customer or the general broader market conditions.

5.2 The general factors considered are as follows:

- (i) Price;
- (ii) Liquidity;
- (iii) Speed of execution;
- (iv) Likelihood of execution;
- (v) Costs;
- (vi) Settlement;
- (vii) Size of order; and
- (viii) Other relevant factors.

5.3 Price will generally merit a high relative importance, but OFIS will take into account the following criteria when determining the relative importance of the execution factors referred to above, such as:

- (i) the types of customers it serves;
- (ii) the types of products for which it accepts, places or executes orders;
- (iii) the characteristics of the execution venues or brokers to which the order can be direct; and
- (iv) the characteristics of the customer's order.

5.4 OFIS should use its reasonable judgment in considering the relevant factors when deciding how to provide best execution. For example, in a more illiquid market, the likelihood of execution and settlement may be accorded a higher importance than price. Another example is when custodian

services are required, and a broker offers custodian services in the markets that the customer is participating in.

## 6. Execution venues and Brokers

6.1 OFIS will determine the appropriate execution venue where the client's orders can be executed by OFIS, or the appropriate third-party participants or brokers to which the clients' orders can be transmitted by OFIS for execution.

6.2 OFIS generally applies the following considerations in the selection of execution venues: (a) in the case of listed securities, the primary market on which the issuer's securities are listed and traded, and (b) in the case of a warrant or depositary receipt, the exchange of the instrument's primary listing.

6.3 Where a security is listed on more than one trading venue, orders will normally be executed on its primary market, as it is considered that such execution is most likely to achieve consistently the best possible result for clients considering the execution factors above and their relative priority.

6.4 For the transmission of client orders to other brokers, OFIS will use brokers possessing specific and adequate arrangements to satisfy the requirements for best execution, OFIS selects its brokers based on internal selection procedure during onboarding and annual periodic review.

6.5 At onboarding, brokers are subject to OFIS's counterparty due diligence checks, which include an evaluation of the following criteria. Brokers are assessed on an annual basis on this set of criteria and a copy of the forms used for the assessment can be found in Appendices and 11.2. The assessment criteria are as follows:

- (i) Financial Standing;
- (ii) Creditworthiness and reputation;
- (iii) Culture and governance;
- (iv) AML/CFT checks; and
- (v) Internal/External Audit

6.6 In addition, OFIS also performs an annual evaluation of brokers' suitability, based on the following set of criteria, where applicable. These assessment criteria can be found in Appendix 11.3:

- (i) Cost of execution;
- (ii) Execution speed;
- (iii) Trade confirmation;
- (iv) Manpower / Staffing adequacy;
- (v) Custody services;
- (vi) Quality of execution;

(vii) Research support

## 7. Client Order Handling

### Recording of Information

7.1 Client orders can be received in different forms (e.g. phone or electronic format). When OFIS accepts the order, it will be recorded with the following information:

- (i) Client Name and account;
- (ii) Buy or sell;
- (iii) Name of the financial instrument and/or security ID and/or exchange;
- (iv) Quantity;
- (v) Time of order;
- (vi) Price Limit (If any);
- (vii) Order type (e.g. Limit order, Market order);
- (viii) Order validity /expiry; and
- (viii) Special execution instructions (if any).

### Order Execution

7.2 Individual orders (including comparable orders) will generally be executed or transmitted sequentially in accordance with their time of receipt and promptly after receipt by the broker.

7.3 For comparable orders where two or more clients have orders on the same side of the same stock, with a comparable total order volume and price or price reference (e.g. VWAP), and the original orders come in at different times, these orders will be worked on separately and paced according to the remaining duration of the session. For such a situation, an order transmitted to Singapore Exchange which came in 2 hours before market close would necessitate the completion of 50% of the order every hour remaining as compared to 14-15% (or —50% of the remaining order volume) for a similar order that came in before market open.

7.4 An aggregated order such as block orders or multi-deals that has been executed in its entirety will be allocated on an average price. Where an allocated order has been only executed partially, OFIS will seek allocation in accordance with fair and equal treatment and on a pro-rata basis.

7.5 For client orders received outside the normal exchange business hours of the market, OFIS will transmit the order when exchange trading resumes. Client orders received outside OFIS's business hours will be handled promptly as soon as OFIS opens.

## 8. Monitoring and Review

8.1 OFIS Dealing Desk monitors the execution of orders on real time basis. As an order is being worked, the execution will be monitored and compared against its benchmark such as the Volume-Weighted Average Price. This real time monitoring will enable OFIS to take proactive steps in delivering best execution.

8.2 OFIS also performs post-execution review on its trade executions on a monthly basis. In the review process, it will identify outlier executions that are worse than 1% of the sample versus the benchmark.

8.3 OFIS Dealing Desk will assess and document its assessment for the selected outliers.

8.4 There are several potential reasons that might impact execution quality and contribute to a large deviation from benchmark, and these include volatility, illiquidity, and tick size.

(i) Volatility may result in a larger trading range and therefore a higher chance of executions deviating from benchmark

(ii) Illiquidity — may impact execution quality when price points and volume are scarce

(iii) Tick size — influences the cost of crossing the spread and depending on the price band, the tick size may have large variations