# BEST EXECUTION POLICY – SINGAPORE

## 1. INTRODUCTION

### 1.1 Definitions

"**MAS**" refers to the Monetary Authority of Singapore.

"**CMSL**" refers to capital markets services licence issued by the MAS.

"**SFA**" refer to the Securities and Futures Act (Cap. 289).

"**MAS Notice**" refers to Notice SFA 04-N16 on Execution of Customers' orders

"**Institutional Investor**" or "**Accredited Investor**" has the same meaning as each defined in section 4A of the SFA.

"**CSS**" refers to CITIC Securities Singapore Pte. Ltd. and "**CGM**" refers to CITIC Securities Singapore Global Markets Pte. Ltd. which are CMSL holders for dealing in capital markets products.

"**Customer**" means in relation to CSS and CGM carrying on business in dealing in capital markets products, a person, other than an Institutional Investor, on whose behalf, or with whom, CSS and CGM (either directly or through its agent) deals or will deal in capital markets products, and whom has a contractual relationship with CSS and CGM for such transactions.

"**Best Execution**" means to place and execute orders from Customers on the best available terms.

"**Execution Venues**" refer to exchanges or alternative venues where the execution of trades take place, such as dark pools, liquidity providers and market makers.

### 1.2 Background

CSS and CGM carries on business in dealing in capital markets products on behalf of or with customers who are Institutional Investors or Accredited Investors only.

In respect of Customers of CSS and CGM who are not Institutional Investors (i.e. Accredited Investors), CSS and CGM is required under the MAS Notice to establish and implement written Best Execution policies and procedures; and to place and execute comparable Customers' orders in accordance with the time of receipt of such orders. Such written policies and procedures must be commensurate with the nature, scale and complexity of its business.

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## 1.3 Applicable Entities and Business Lines

CSS and CGM operates the following capital markets businesses in Singapore, which the Best Execution requirements may apply (please refer to Section 2.3 below for the applicability for each business line and product):

i) Institutional Equities
ii) Equity Derivatives
iii) FICC
iv) Wealth Management
v) Corporate Finance & Capital Markets
vi) Futures Clearing

This policy does not apply to other business lines not listed above, as the activities of such business lines in Singapore do not involve any placement or execution of Customers' order for purchase or sale of any capital markets products.

All sales, sales traders, traders, and dealers who handle orders of a Customer of CSS and CGM are subject to this policy. In circumstances where Best Execution obligation is not owed to the Customer, CSS and CGM will act honestly, fairly and professionally when executing such Customers' orders and adopt the requirements set out in this policy where possible as a best practice.

## 2. APPLICATION OF BEST EXECUTION

## 2.1 Determining Factors on Applicability of Best Execution Obligations

CSS and CGM deals in capital markets products with Customers who are Institutional Investors or Accredited Investors only, and not retail investors. This policy does not apply to institutional Investors. Accredited Investors are generally deemed to be more sophisticated and it is legitimate/reasonable under certain circumstances that Customers who are Accredited Investors do not rely on the CMSL holder for Best Execution.

Under the MAS Notice, the CMSL holder is required to assess and document its assessment to determine, the circumstances under which a Customer who is an Accredited Investor does not rely on the CMSL holder for Best Execution.

CSS and CGM will consider the following factors to determine whether it has Best Execution obligations to the Customer:

i) Trading discretion – whether CSS and CGM is required to exercise discretion in relation to the execution of such Customer's order and the Customer reasonably/legitimately relies on CSS and CGM in relation to the exercise of such discretion.

ii) Instructions of the Customer - whether the Customer specifies the venue, price and/or the manner at which the order should be executed.

iii) The party who initiates the transaction – where CSS and CGM approaches a Customer and advises a Customer on a transaction, it is more likely that the Customer will be placing reliance on CSS and CGM . Where a Customer initiates the transaction, it is less likely that the Customer will be placing reliance on CSS and CGM .

iv) Trading capacity, market practice and the existence of a convention to "shop around" – in particular for principal to principal transactions, where the practice in the market in which a business area operates suggests a Customer takes responsibility for the pricing and other elements of the transaction (e.g. there is a market convention to "shop around" for a quote), it is less likely that the Customer will be placing reliance on CSS and CGM .

v) Relative levels of price transparency within a market – if CSS and CGM has ready access to prices in the market in which CSS and CGM operates, whereas the Customer does not, it is more likely that the Customer will be placing reliance on CSS and CGM, whereas if CSS and CGM s access to pricing transparency is equal to or similar to the Customer's, it is less likely that the Customer will be placing reliance on CSS and CGM .

vi) Information provided by CSS and CGM and any bilateral agreement reached – for a bilateral contract between CSS and CGM and the Customer, each acting as principal, and where such agreement documents the principal capacity and no fiduciary duty on the part of CSS and CGM or other non-reliance clauses, there should not be a legitimate basis for the Customer to place reliance on CSS and CGM.

## 2.2 Exceptions on Application

Generally, this Policy does not apply in the following circumstances:

i) Specific order instruction - when CSS and CGM places and/or executes an order following specific instruction from the Customer, it would be regarded as having satisfied its Best Execution obligations in respect of the part or aspect of the order to which the Customer's instruction relates.

ii) Direct Market Access ("**DMA**") orders – the Customer would be deemed to have given CSS and CGM a specific instruction when the Customer transacts directly through an electronic trading platform including DMA platforms, as the Customer will have discretion over the order execution (including selecting adequate parameters for the order to be executed) instead of a CSS and CGM trader.

iii) Negotiated trades/cross trade – where CSS and CGM acts as agent/broker to execute a negotiated trade/cross trade between a buyer and seller, the negotiation can involve specific instructions and agreements on a "willing buyer, willing seller" basis between the buyer and seller on the price and how the trade is to be executed. The negotiated

price may be executed away from the prevailing best bid/offer prices in the market and the buyers and sellers are expected to assess the negotiated price against the market price/quotes on the exchange, other Execution Venues or by other brokers. This policy will not apply as the negotiated trade/cross trade is executed under the specific instructions of the Customer.

iv) Request for Quote ("**RFQ")** – the Customer would not be deemed to be relying on CSS and CGM to provide Best Execution when the Customer approaches CSS and CGM for a "request for quote" for a particular securities or OTC derivatives transaction. The provision of quotes by CSS and CGM are generally on a "reverse enquiry" basis by the Customer, and CSS and CGM only deals with Customers who are of sufficient sophistication nature, who can "shop around" and assess CSS and CGM's quotes against those provided by other dealers.

## 2.3 Applicability to each Business Line and Products

This section set outs the scope of business activities which operate through CSS and CGM, that the Best Execution obligations may be applicable.

### 2.3.1 Institutional Equities

This policy is applicable for cash equities, global portfolio trading and ADRs/GDRs orders that are:

i) agency orders placed by the Customer with CSS and CGM and executed by CSS and CGM on an Execution Venue directly;

ii) agency orders placed by the Customer with CSS and CGM and forwarded to another CSS and CGM broker or other third party broker for execution on an Execution Venue; or

iii) orders placed by the Customer with CSS and CGM which will involve a cross trade between such a Customer and another Customer or any CSS and CGM entity (i.e. CSS and CGM and any other CSS and CGM group entities) as principal, whether the cross trade is executed/reported by CSS and CGM or forwarded to another CSS and CGM broker or other third party broker for execution/reporting.

In respect of ADR/GDR orders, it should be handled the same way as a cash equities agency order, and CSS and CGM will apply the same relevant execution factors as a cash equities agency order when executing the ADR/GDR order to achieve the Best Execution outcome. CSS and CGM will not be obliged to check whether the Customer can get a better price by buying the underlying security and converting it to create the ADR, unless specifically instructed by the customer.

### 2.3.2 Equity Derivatives

i) Equity P-Notes

This policy does not apply to P-Notes as P-Note investors are generally Institutional Investors. Where the investors are Accredited Investors, please refer to section 2.3.2ii).

ii) Equity-Linked Structured Notes

CSS and CGM acts a distributor for structured notes issued by CSI Financial Products Limited ("**CSIFP**").

This policy does not apply to structured notes on the below basis:

- Structured note transactions are generally on a RFQ basis. CSS and CGM only distributes structured notes that are issued by CSIFP and when the Customer approaches CSS and CGM for a quote, the intent of the Customer would therefore be to purchase CSIFP structured notes specifically. CSS and CGM does not distribute structured notes of other issuers or act as financial adviser/investment adviser to the Customer, and the onus is on the Customer, who are Accredited Investors and are of sufficient sophisticated nature, to "shop around" for structured products of other issuers.
- CSS and CGM only acts as distributor for CSIFP structured notes, and the distribution is on a RFQ basis as said above. There is no contractual relationship between CSS and CGM and the Customer in respect of the structured note transaction that may give rise to the obligations for CSS and CGM to provide Best Execution.

iii) Equity OTC Derivatives ("**OTCD**")

OTCD transactions involve bilateral contracts between CSS and CGM and the Customer, each acting as principal, and governed by an ISDA mini-master agreement. CSS and CGM may hedge the OTCD transaction via a back-to-back OTCD transaction with a related entity/third party entity or by trading the underlying securities. The hedging transactions are principal transactions/risk positions of CSS and CGM and CSS and CGM has the discretion on all relevant hedging decisions.

This policy does not apply to OTCDs in general on the below basis:

- OTCD transactions are generally on a RFQ basis. When the Customer approaches CSS and CGM for a quote, the intent of the Customer would therefore be to enter into an OTC transaction with CSS and CGM specifically. CSS and CGM does not act as an agent/broker in respect of OTCD products issued by other third parties, nor does it act as the financial adviser/investment adviser to the Customer, and the Customers, who are Accredited Investors and are of sufficient sophisticated nature, can "shop around" for OTCD products offered by other dealers.

- In the ISDA mini-master agreement, it is specified that the Customers are required to make their own independent decision to enter into any transaction with CSS and CGM using their own judgment and upon advice from their financial/investment advisers, and CSS and CGM does not have any fiduciary duty to the Customer.
- OTCD transactions are bilateral contracts negotiated between CSS and CGM and the Customer. The Customers, who are Accredited Investors and are of sufficient sophisticated nature, have the discretion to negotiate the relevant clauses in their favour and the onus is on the Customer to determine whether the OTCD product offered by CGM is on the best terms available to the Customer, and the Customer can "shop around" for other better quotes.
- With regards to the hedging transactions by CSS and CGM , CSS and CGM assumes the market risks on the OTCD transactions that it has entered into with the Customer and CSS and CGM has the discretion on all relevant hedging decisions, given that the hedging trades are principal/risk positions of CSS and CGM . Additionally, CSS and CGM's hedging decisions should not have an impact on the settlement price of the Customers' OTCD transactions as for option transactions, the settlement is based on a pre-determined strike price agreed between CSS and CGM and the Customer, while for swap transactions, the settlement is generally based on a benchmark price (e.g. market closing price of the underlying securities or closing price of the fund) or any other price that is specified by the Customer.

However, if the bilateral contract between CSS and CGM and the Customer is such that the settlement price of the Customer's swap transaction is linked to the actual execution price of the underlying securities hedges by CSS and CGM and where a CSS and CGM trader is required to handle and execute such hedging transactions and exercise his skills/discretion to ensure a good execution price/outcome, then CSS and CGM will provide Best Execution to the Customer in accordance with this Policy.

### 2.3.3 FICC

i) Credit Market Making/Cash Bonds

The credit market making/cash bond trading business in Singapore involves CSI Global Markets Limited ("**CSIGM**") dealing in cash bonds with customers in Singapore who are Accredited Investors only under the licensing exemption in paragraph 2(1)(e)(i) of the Second Schedule of the Securities and Futures (Licensing and Conduct of Business) Regulations.

For the credit market making/cash bond trading business, it generally operates on the following basis:

- the business generally operates on a RFQ basis, i.e. the business is approached and requested by Customers to provide quotes; and
- the nature of the market is such that Customers will generally request quotes from a number of different dealers (market makers) who are readily available to provide/create liquidity in the market.

FICC salespersons in Singapore employed by CSS and CGM may receive requests for quotes from CSIGM customers and will assist the customer to obtain quotes from CSIGM under the specific instructions of the customer. Such customers are onboarded customers of CSIGM, and the contractual relationship for the bond transactions is between the customer and CSIGM, not CSS and CGM . In this regard, no Best Execution obligation is owed by CSS and CGM to the customer. For the Best Execution policy of CSIGM, please refer to the Hong Kong Best Execution policy.

ii) FICC Structured Notes

CSS and CGM acts a distributor of CSIGM for FICC structured notes. This policy does not apply to structured notes on the below basis:

- Structured note transactions are and generally on a RFQ basis.
- CSS and CGM only distributes CSIGM structured notes and when the Customer approaches CSS and CGM for a quote, the intent of the Customer would therefore be to purchase CSIGM structured notes specifically. CSS and CGM does not distribute structured notes of other issuers or act as financial adviser/investment adviser to the Customer, and the onus is on the Customer, who are Accredited Investors and are of sufficient sophisticated nature, to “shop around” for structured products of other issuers.
- CSS and CGM only acts as distributor for CSIGM structured notes, and the distribution is on a RFQ basis as said above. There is no contractual relationship between CSS and CGM and the Customer in respect of the structured note transaction that may give rise to the obligations for CSS and CGM to provide Best Execution. For the Best Execution policy of CSIGM, please refer to the Hong Kong Best Execution policy.

iii) FICC Solutions

- Generally upon the request of customers, FICC solutions staff of CSS and CGM may generate transaction ideas for the customers, amongst others, bespoke hedging solution and portfolio restructuring of assets/liabilities.
- The above will involve bespoke products offered by CSIGM, based on the specific needs/requirements of the customer negotiated by such customer with CSIGM over a period of time, which means there is a limited availability

of products with same or similar terms (i.e. underlying asset classes, duration and payoff structure) in the market which may be offered to customers.

- In addition, any transactions by the customers are entered into CSIGM, and not with CSS and CGM , and there is no contractual relationship between CSS and CGM and the customers. As such, no Best Execution obligations is owed by CSS and CGM to the customer. For the Best Execution policy of CSIGM, please refer to the Hong Kong Best Execution policy.

### 2.3.4 Wealth Management

i) Equities, Exchange Traded Funds, Exchange Traded Derivatives

- Applicable to the following: -
    - agency orders placed by the Customer with CSS and CGM and executed by CSS and CGM on an Execution Venue directly;
    - agency orders placed by the Customer with CSS and CGM and forwarded to affiliate or other third party broker for execution on an Execution Venue; or

- Unless specified otherwise by Customers, price and speed/likelihood of execution are typically considered most important execution factors for equities, exchange-traded funds, exchange-traded derivatives while the other execution factors (order size, likelihood of settlement, nature of order) will be considered depending on the circumstances of the trade. However, in more illiquid markets, the primary execution factors may vary and non-price factors such as likelihood and speed of execution and settlement as well as size or nature of the order may be as important as the price factor.
- Customer's order will be transmitted to an affiliate or third party broker which has an agreement with CSS and CGM to execute the orders on the relevant exchange or market. CSS and CGM will take all reasonable steps to ensure that the affiliate or third party broker executes the orders in accordance with its policy in order to obtain the best possible result for the Customer, having regard to prevailing market practices and regulatory requirements associated with the affiliates and the market concerned.

- Based on the justification in section 2.2(iii), this policy does not apply to orders placed by the Customer with CSS and CGM which will involve a married deal between such a Customer and another Customer. In such cases, the buyer and seller have agreed on specific instructions and terms, including price and trade execution, based on a 'willing buyer, willing seller' arrangement, regardless of whether CSS and CGM executes/reports the deal directly or forwards it to another affiliate or other third party broker for execution/reporting.

ii) Over-the-Counter ("OTC") Bonds

- Applicable to advisory orders placed by Customer.
    - The most important execution factor for Customers will be the price at which the OTC bonds is executed. However, in more illiquid markets, the primary execution factors may vary and non-price factors such as likelihood and speed of execution and settlement as well as size or nature of the order may be as important as the price factor.
    - CSS and CGM will take reasonable steps to obtain available quotes for OTC bonds, by reaching out to a list of approved counterparties to obtain a minimum of 2 quotes. CSS and CGM will generally select based upon best available price though other factors, such as liquidity, market signalling etc. will be taken into consideration which may result in the less favourable price being selected. CSS and CGM will also ensure the traded price and the next best available quotes obtained are recorded.
    - In cases whereby pricing information is insufficient or quotes are absent, CSS and CGM will act in what it generally believes be in the best interest of customers (e.g. obtain sufficient pricing information on a best-effort basis to validate quotes provided to customers). When such situations arise, CSS and CGM will where possible inform the Customer.
    - Customer's order will be transmitted to an affiliate or third party broker which has an agreement with CSS and CGM to execute the orders on the relevant exchange or market. CSS and CGM will take all reasonable steps to ensure that the affiliate or third party broker executes the orders in accordance with its policy in order to obtain the best possible result for the Customer, having regard to prevailing market practices and regulatory requirements associated with the affiliates and the market concerned.
- Not applicable to orders placed by Customers who approaches SGWM for a RFQ on the basis that they are of sufficient sophistication nature, who can "shop around" and assess CSS and CGM's quotes against those provided by other dealers.

iii) Structured Products

CSS and CGM acts as a distributor of various issuers for structured products.

This policy does not apply to structured notes on the below basis:

- Structured products are bespoke products and pricing is sought from issuers. Different issuers have different specifications. As the bespoke products are based on the specific needs/requirements of the Customer negotiated by such Customer with the issuers over a period of time, which means there is a limited availability of products with same or similar terms (i.e. underlying asset classes, duration and payoff structure) in the market which may be offered to Customers.

iv) Mutual Funds

- This policy applies to mutual funds to the extent that, depending on when Customer's instruction is received, CSS and CGM will endeavour to process the Customer's instruction before any relevant cut-off time in accordance with the terms applicable to subscription or redemption for the relevant fund under the fund documentation and submit in a timely manner to the respective fund houses. If the date of Customer's instruction is on a non-dealing day in the relevant market, CSS and CGM will execute the Customer's instructions in the relevant market on the next dealing day.

- This policy does not apply to mutual funds to the extent that:
    - CSS and CGM will execute Customer's instruction at the price provided by the relevant fund house and that is determined in accordance with the relevant terms under the fund documentation. This price is the same across all investors trading in the specific mutual fund.
    - The subscription or redemption procedures specified in the fund documentation may limit the applicability of some best execution factors. E.g. factors to manage the overall capacity limits (such as fund capacity limits, cumulative trading limit on fund orders) may affect the likelihood of execution.

### 2.3.5 Corporate Finance & Capital Markets

- Applicable to the extent that there is placement of capital markets products in connection with corporate finance advisory.
- Unless specified otherwise by Customers, price and speed/likelihood of execution are typically considered most important execution factors while the other execution factors (order size, likelihood of settlement, nature of order) will be considered depending on the circumstances of the trade. However, in more illiquid markets, the primary execution factors may vary and non-price factors such as likelihood and speed of execution and settlement as well as size or nature of the order may be as important as the price factor.

### 2.3.6 Futures Clearing

i) Exchange-Traded Derivatives

- Applicable to the following: -
    - agency orders placed by the Customer with CSS and CGM and executed by CSS and CGM on an Execution Venue directly; or
    - agency orders placed by the Customer with CSS and CGM and forwarded to affiliate or other third party broker for execution on an Execution Venue;

- Unless specified otherwise by Customers, price and speed/likelihood of execution are typically considered most important execution factors for exchange-traded derivatives while the other execution factors (order size, likelihood of settlement, nature of order) will be considered depending on the circumstances of the trade. However, in more illiquid markets, the primary execution factors may vary and non-price factors such as likelihood and speed of execution and settlement as well as size or nature of the order may be as important as the price factor.
- Customer's order will be transmitted to an affiliate or third party broker which has an agreement with CSS and CGM to execute the orders on the relevant exchange or market. CSS and CGM will take all reasonable steps to ensure that the affiliate or third party broker executes the orders in accordance with its policy in order to obtain the best possible result for the Customer, having regard to prevailing market practices and regulatory requirements associated with the affiliates and the market concerned.
- According to the justification in section 2.2(iii), this policy is not applicable to negotiated Direct Business orders as the buyer and seller have agreed on specific instructions and terms, including price and trade execution, based on a 'willing buyer, willing seller' arrangement. Direct Business refers to trades in any futures contract listed or quoted on SGX-ST that are executed outside the Trading System, in accordance with the minimum size or value and other procedures prescribed by SGX-ST.

ii) Centrally Cleared OTC Derivatives

- According to the justification in section 2.2(iii), this policy is not applicable to Negotiated Large Trades (NLT) as the buyer and seller have agreed on specific instructions and terms, including price and trade execution, based on a 'willing buyer, willing seller' arrangement. NLTs refers to large trades executed outside the Trading System between and among Accredited Investors and CSS and CGM pursuant to the minimum thresholds and other procedures prescribed by the SGX.

## 2.4 Relevant Execution Factors

CSS and CGM generally takes into account the following factors in delivering Best Execution to Customers.

i) execution factors specified by the Customers;

ii) the execution price without any costs charged to Customer, or CSS and CGM's 's own fees and commissions;

iii) size of order;

iv) liquidity of the market;

v) speed and/or likelihood of execution;

vi) the impact on market prices of displaying and/or executing an order or part of an order;

vii) the availability of price improvement (the opportunity for an order to be executed at a better price than what is currently quoted publicly); and

viii) any other consideration relevant to the effective execution of the order.

The weighting to be attributed to each execution factor will vary for each Customer/order as it is further dependent on:

i) our knowledge of the Customer's execution preferences based on our discussion with the Customer and experiences dealing with the Customer;

ii) the characteristics of the order;

iii) the characteristics of relevant capital markets products; and

iv) the characteristics of the relevant Execution Venue.

CSS and CGM will generally assess the execution factors in the below manner, however, there may be inter-dependency or trade-offs amongst different execution factors and the approach may need to be adjusted depending on the circumstances:

i) Execution factors specified by the Customers – CSS and CGM will always first consider any specific execution factors instructed by Customers when managing the order execution for the Customer. CSS and CGM will attempt to meet such Customer instructions on a best effort basis and in trying to meet such requirements of the Customer, CSS and CGM will be deemed to be achieving the Best Execution outcome for the Customer.

ii) Execution price – CSS and CGM generally considers price to be the most important execution factor. However, there may be circumstances where a combination of other execution factors may in total outweigh the price factor, and the price is no longer the dominant execution factor. For example, taking into consideration the size of the order, liquidity of the market, and likelihood of execution, CSS and CGM may prioritise completion of the order over the executed price or opportunities for price improvement.

iii) Order size/liquidity of the market – the best price for the order depends on the order size relative to the liquidity of the market. Where the order size is larger than the quantities available at the prevailing best bid/offer prices and the market is illiquid, then part of the order maybe executed at more favourable prices than the subsequent order executions.

iv) Speed and/or likelihood of execution – speed and/or likelihood may be a trade-off relative to the executed price, in particular, when the order size is large and the market is illiquid. CSS and CGM will prioritise executed price and will attempt to execute the order over a longer period of time in order to achieve a better price and minimize the potential impact on the market price, instead of prioritising

speed/likelihood of execution, unless otherwise specified by the Customer. In addition, where the Customer has specifically indicated speed and/or likelihood of execution as the most important execution factor instead of price but the order size is large and the market is illiquid, CSS and CGM may not be able to guarantee the speed/likelihood of execution of the order due to insufficient liquidity or due to the need to give greater priority to the potential impact on the market price.

v) The impact on market prices – as a responsible broker and holder of a CMS licence issued by the MAS, CSS and CGM will always consider the potential impact on the market price as an important execution factor, which may sometimes take precedence over the other execution factors, in particular speed and/or likelihood of execution. This would mean that CSS and CGM might not be able to guarantee the completion of the order in some instances, especially where the market is illiquid and the prices are volatile.

vi) The availability of price improvement – when executing an order where the Customer has given CSS and CGM the discretion to work the order over a period of time or when the market is trading within the limit price provided by the Customer, CSS and CGM will use its experience/market know-how to determine whether there is a potential for price improvement, and this would mean that the CSS and CGM may not execute the order at the immediately available best prices but may wait for a better price. CSS and CGM will endeavour to achieve a better execution price for the Customer but cannot guarantee that this would always be achieved due to market uncertainty.

## 2.5 Order Handling

The following execution strategy will be applied by CSS and CGM when handling Customers' orders:

- When CSS and CGM receives a Customer's order, the orders will be addressed in a timely manner and order execution will be handled in a manner and pace consistent with the nature of the order, the investment decision and the prevailing market conditions. CSS and CGM will take into consideration the execution factors and take all reasonable steps to obtain the best possible results under those circumstances, as elaborated in the above section.
- CSS and CGM is responsible for determining the relative importance of each of the Best Execution factors as set out above.
- CSS and CGM may discuss the order execution strategy with the Customer as information provided by the Customer may impact the execution strategy CSS and CGM uses. CSS and CGM's strategy may include executing orders immediately or working the orders over a period of time.
- If CSS and CGM receives and accepts an order from the Customer that includes a specific instruction(s) in relation to the handling and execution of the entire order or

a particular aspect(s) of the order, CSS and CGM will execute the order in accordance with that specific instruction. This may prevent CSS and CGM from taking steps designed and implemented to obtain the best possible result for the execution of the order. CSS and CGM's obligation of Best Execution will be satisfied by executing the order in accordance with Customer's specific instruction.

- In circumstances where Customers give us a specific instruction(s) which covers one part or aspect of an order (for example, as to the choice of Execution Venue), and CSS and CGM has discretion over the execution of the other elements of the order, then CSS and CGM will continue to be subject to the Best Execution obligations in respect of the elements of the order that are not covered by Customers' specific instruction.
- CSS and CGM may execute orders on behalf of Customers directly on exchanges or regulated Alternative Liquidity Pools (which could include itself or its affiliates). An Execution Venue may be selected as is appropriate in view of the size and nature of the order to obtain the best possible result for the execution. CSS and CGM may use third party or affiliated broker for execution of orders. CSS and CGM will select the brokers based on their track records of achieving the best result in terms of the relevant execution factors. CSS and CGM is responsible for taking adequate steps to ensure that the broker is able to satisfy CSS and CGM's obligation to obtain the best possible result for its Customers.

## 2.6 Cross Trades

If the Customer has given CSS and CGM the discretion to cross the order, and there is an appropriate opportunity and where permitted by local regulations/market rules, CSS and CGM may attempt to achieve Best Execution outcomes for the Customers by crossing the order with other comparable Customers' orders. Generally, Customers may benefit from crossing the order instead of working the order on the market (especially for large orders), as the execution of the order on the market may result in price movement disadvantageous to the Customer and it is not certain that the order may be completed, while a cross trade will allow the order to be filled immediately at the prevailing market price and the cross trade will have relatively limited impact on the market price.

If the Customer requests CSS and CGM to facilitate their order, this may require CSS and CGM squaring off the facilitated positions in the market and crossing as principal at the agreed price and quantity with the Customer. The crossing price will usually be at a benchmark price (e.g. VWAP/closing price) or a price requested by the Customer. CSS and CGM will be deemed to be providing Best Execution outcome for the Customer as it is assuming market risks to facilitate the price and quantity for the Customer, and the crossing is executed at the price and quantity specifically requested by the Customer.

## 2.7 Execution of Comparable Customers' orders

CSS and CGM will execute comparable Customer's orders in accordance with the time of receipt of such Customer's order relative to other comparable Customers' orders received by CSS and CGM (i.e. time priority). If the instruction of such order is such that the order may not be immediately executed at the immediately available price and must be worked over a time period, CSS and CGM will attempt to slice the Customer orders' in accordance with the time priority where it is practicable to do so. CSS and CGM may also use appropriate algorithmic trading strategies to execute such Customers' orders to ensure independence in the execution.

However, in some instances, it may not be feasible/reasonable to follow strict time priority, in particular, for large orders that are to be worked over a time period/on a careful discretion basis. In some cases, it will be infeasible to execute an earlier large order in full, before executing a subsequent smaller order, and CSS and CGM will attempt to first execute a portion of the first order then the subsequent smaller order, and ensure fair allocation in the quantities executed for each order as much as possible.

In other cases where CSS and CGM has to work on a number of large Customer orders over a period of time, and the market is illiquid and/or the market/price is volatile, it may in the overall best interests of all Customers amalgamate all comparable Customers' orders for execution. CSS and CGM will ensure fair allocation (such as an average execution price to all Customers) to each Customer at the end of the day. CSS and CGM will not amalgamate a Customer order with a principal order.

## 2.8 Execution Venues/Brokers

CSS and CGM may utilize various Execution Venues/brokers when executing Customers' orders and will endeavor to execute in the manner that is able to provide the best outcome for the Customers, unless directed by the Customer to execute on a particular venue or with a particular broker.

CSS and CGM will monitor which Execution Venues/brokers are likely to provide, on a consistent basis, the best available terms for our Customers in meeting its Best Execution obligations. Where there may only be one Execution Venue available and in executing a trade in such circumstances, CSS and CGM will assume that the selection of that venue satisfies the Best Execution factor dealing with venue selection.

Where possible, CSS and CGM will execute through affiliate brokers to enable it to meet the Best Execution requirements on a consistent basis. Where it is not feasible to use affiliate brokers, the selection of a third party broker is done through an internal due diligence process, to ensure that the third party broker has the skills, resources and capabilities to assist in the Best Execution outcome of the Customers' trades, and periodic/ongoing due diligence will be conducted thereafter.

### 2.9 Payment for Order Flow ("PFOF")

PFOF refers to commissions or other forms of payment that CSS and CGM may receive from another broker or counterparty in return for routing customers' orders to that broker or counterparty. CSS and CGM is not allowed to receive PFOF where Best Executions are owed to customers under the MAS Notice, as the PFOF may introduce conflicts of interest that is inconsistent with Best Execution obligations owed to customers.

As such, in cases where CSS and CGM uses a third party broker/counterparty to execute its customer orders, CSS and CGM is not allowed to enter into commission rebates/soft dollar agreements or any other similar forms of agreements with such broker/counterparty in return for routing its customers' orders to that broker/counterparty for execution.

## 3. MONITORING AND CONTROL MECHANISMS

CSS and CGM is required to monitor, on a periodic basis: (i) compliance with its Best Execution policies and procedures; and (ii) the effectiveness of its Best Execution policies and procedures.

This obligation has been incorporated into CSS and CGM's monthly Compliance Monitoring Programme and relevant business procedures and policies. In particular, CSS and CGM considers price to be the most important execution factor and Compliance monitoring is performed by comparing execution prices of Customers against the Volume Weighted Average Price in the market, to detect any significant or systematic deviations in the execution price provided to the Customers vis-à-vis other Execution Venues or brokers.

All Customer's complaints in relation to the order handling of CSS and CGM from a Best Execution perspective should be directed to the Singapore Compliance team for independent handling and further inquiry/investigation as required.

## 4. REVIEW OF POLICY AND TRAINING

CSS and CGM will review this policy at least once every 2 years, or whenever there is a material change (such as a regulatory change or change in business model/product) that could affect its Best Execution obligations.

CSS and CGM will provide all relevant trading and execution staff with periodic training to ensure that they remain apprised of their Best Execution obligations.

## 5. CUSTOMER DISCLOSURE

CSS and CGM is required to provide to Customers in writing, including via electronic means, sufficient information on its Best Execution policies and procedures.

Consistent with the existing business arrangements with Customer on customer disclosure, this policy will be uploaded on the terms of business page of CSS and CGM corporate website. Whenever CSS and CGM makes any material changes to this policy, an updated version of this policy will be uploaded on the CSS and CGM's website accordingly.

## 6. RELEVANT CSS and CGM COMMITTEES

The CSS and CGM board of directors has delegated the responsibility to an appropriate local management committee, comprising of the CEO of CSS and CGM /Singapore country head, Singapore COO and Head of Compliance, Singapore to approve this policy and any other subsequent reviews/updates to the policy,

On a day-to-day basis, the first line of defence resides with the relevant sales, sales traders, traders, and dealers who handle the Customers' orders to assess the relevant execution factors and handle the orders effectively, to ensure that CSS and CGM fulfills its Best Execution obligations to its Customers.

As a second line of defence, Compliance will perform monthly monitoring as set out in Section 3 above. Where it is suggested that CSS and CGM might have not fulfilled its Best Execution obligations to its Customers, Compliance will conduct independent investigations and escalate accordingly to CSS and CGM management.

In addition to the above, quarterly Best Execution committee meetings are held at the CSS and CGM group level to review and consider any findings or escalation in relation to the Best Execution requirements. Senior representatives from the respective business lines and Legal & Compliance are members of the Best Execution committee.

As a third line of defence, the Internal Audit department will undertake periodic audits which may include a review of CSS and CGM's Best Execution policies and procedures, and report to CSS and CGM management any deficiencies that have been identified and to make recommendations on improvements.