

PUBLIC

Policy Name: Best Execution Policy

Type: Trade Management

Owner: CEO, FBNQuest Securities Limited

Approved by: Board of Directors (the Board)
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This is strictly for internal business purposes of FBNQuest Securities. Dissemination by any means thereof outside of the Company is prohibited unless prior written approval is obtained from Compliance.

1 Policy Statement

- 1.1 This document sets out FBNQuest Securities Limited's ("FBNQuest Securities" or "the Company") policy on Best Execution ("the Policy" or "this Policy").
- 1.2 This Policy provides the minimum standards in the Execution of clients' "Orders" and allocation of trades within the Company to achieve "Best Execution" for clients.
- 1.3 The business of FBNQuest Securities is built on trust and integrity as perceived by its stakeholders, especially its clients, shareholders, regulators and law enforcement agencies.
- 1.4 An important element of trust and integrity is ensuring that FBNQuest Securities conducts its business in accordance with the values and Code of Ethics that it has adopted, and in compliance with applicable laws, rules and standards.
- 1.5 FBNQuest Securities' Best Execution Policy is designed to comply with applicable statutory and regulatory obligations, ensuring that:
- 1.5.1 When executing Orders on clients' behalf, all reasonable steps are taken to achieve Best Execution;
- 1.5.2 The key factors that the Company will consider in order to deliver Best Execution are communicated to all employees. These key factors include:
- 1.5.2.1 Price;
- 1.5.2.2 Costs;
- 1.5.2.3 Timelines;
- 1.5.2.4 Likelihood of execution and settlement;
- 1.5.2.5 Size of the Order;

- 1.5.2.6 Type of the Order;
- 1.5.2.7 The execution venues available and their trading status; and
- 1.5.2.8 Any other consideration relevant to the efficient execution of the Order, including liquidity, technology and market impact.
- 1.5.3 Conflicts of Interest within the Company are prevented and managed. This includes the creation of mechanisms to identify, avoid, mitigate and disclose actual and potential Conflicts of Interest resulting from trading activities.
- 1.5.4 The relevant statutory and regulatory obligations are complied with; and
- 1.5.5 A demonstrable framework from which to make consistently good trade-execution decisions is provided which ensures that FBNQuest Securities and its employees are protected from reputational damage and administrative penalties that may be imposed by various regulatory and legislative authorities as a result of sub-optimal execution of clients' Orders.

2 Applicability

- 2.1 This Policy applies to all employees and directors of FBNQuest Securities Limited, including independent consultants, interns and secondees.
- 2.2 This Policy reflects the minimum requirements for FBNQuest Securities.
- 2.3 This Policy applies to financial instruments and products, as well as to all clients.

3 Policy Requirements

- 3.1 FBNQuest Securities will determine the relative importance of the factors listed under Section 1.5.2 of this Policy. This determination shall be based on the commercial experience and judgement of the Company's employees in the

light of available market information at the relevant time and taking into account the best execution criteria considering:

- 3.1.1 The characteristics of the client (e.g. Retail, High Net-worth, Institutional and/or Offshore Institutional clients);
 - 3.1.2 The size and nature of the client's Order;
 - 3.1.3 The characteristics of the market; and/or
 - 3.1.4 The characteristics of the execution venue to which that Order can be directed.
- 3.2 FBNQuest Securities shall take all reasonable steps to obtain the best possible result for the execution of clients' Orders, taking into account the best execution factors listed under Section 1.5.2 of this Policy and the best execution criteria listed under Section 3.1 above.
- 3.3 Upon acceptance of a client Order and when there is no specific client instruction regarding the execution method, FBNQuest Securities shall execute an Order in accordance with this Policy and related execution arrangements.
- 3.4 Where a client gives FBNQuest Securities a specific instruction in relation to his or her Order, the Company will execute the client's Order in accordance with that instruction. When FBNQuest Securities acts under such instructions from the client, the client must be aware that in so doing FBNQuest Securities may not be able to follow the steps in its Best Execution Policy to obtain the best possible result for the client.
- 3.5 FBNQuest Securities shall execute clients' Orders in a prompt, fair and expeditious manner relative to other clients' Orders and FBNQuest Securities' own trading interests. The Company will execute otherwise comparable client Orders sequentially in accordance with the time of their receipt unless:
- 3.5.1 Otherwise instructed by the client;

3.5.2 The characteristics of the client Order or prevailing market conditions make such course of action impracticable; or

3.5.3 The interest of the client requires otherwise.

3.6 FBNQuest Securities shall strive to execute purchase Orders at the lowest sales price offered and to execute sales Orders at the highest purchase price offered based on the broker's assessment of market performance at the time of execution while taking into consideration all available market information at the time the order is being executed.

3.7 An authorised dealing clerk is prohibited from executing his or her personal trades.

3.8 Client Orders and transactions for own account (proprietary trading) will not be carried out in aggregation. In addition, the Proprietary trading desk shall be kept separate from client flow trading desk.

3.9 **Instruments**

This Policy applies to financial instruments and products in which FBNQuest Securities executes Orders on clients' behalf, including equities, debt and money market instruments.

3.10 **Execution Venues**

FBNQuest Securities shall execute clients' Orders at the sole execution venue, which is through the Nigerian Stock Exchange (NSE). Additional venues may be added in due course and same would be communicated to clients and integrated into this Policy.

3.11 **Specific Instructions**

3.11.1 Where a client gives FBNQuest Securities specific instructions, including specifying the characteristics of the financial instrument or product, either

relating to an Order or a particular aspect of an Order, FBNQuest Securities will execute so far as it is reasonably possible in accordance with those instructions. This may prevent FBNQuest Securities from taking the steps that it has put in place to obtain the best possible result for the execution of the client's Order; and

3.11.2 In the absence of express instructions from the client, FBNQuest Securities shall exercise its own discretion, having regard for the terms of the client's Order in determining the factors that it needs to take into account for the purpose of providing the client with best execution.

3.12 **Reviews and Monitoring of Best Execution Policy**

3.12.1 FBNQuest Securities shall review this Policy on a biennial basis and whenever a material change occurs that affect FBNQuest Securities' ability to continue to obtain the best possible result for the execution of clients' Orders on a consistent basis. What is material will depend on the nature and scope of any change.

3.12.2 If there is a material change in FBNQuest Securities' execution arrangements, FBNQuest Securities would notify clients to make them aware of the change.

3.12.3 FBNQuest Securities shall monitor the effectiveness of its execution arrangements and Policy and assess on a regular basis whether the Execution Venues it has selected provide for the best possible result for Orders it executes on clients' behalf. It also includes the monitoring of transaction to determine whether it has delivered the best possible result for the client.

3.12.4 Review in the context of this Policy is an overall assessment of whether the Execution Policy and arrangements include all reasonable steps that FBNQuest Securities could be taking to obtain the best possible result for the execution of its clients' Orders. Specifically, FBNQuest Securities shall consider whether it could consistently obtain better execution results if it were to:

- 3.12.4.1 Include additional or different execution venues;
- 3.12.4.2 Assign a different relative importance to the best execution factors; or
- 3.12.4.3 Modify any other aspects of the Execution Policy and/or arrangements.
- 3.12.5 Monitoring is the assessment, on a regular basis, of particular transactions in order to determine whether FBNQuest Securities has complied with its Execution Policy and/or arrangements, and whether the resulting transaction has delivered the best possible result for the client. Monitoring may include comparing similar transactions:
 - 3.12.5.1 On the same execution venue or with the same entity, in order to assess whether FBNQuest Securities' execution of the Orders took into consideration all relevant and available market information; or
 - 3.12.5.2 On different execution venues or entities chosen from among those in the FBNQuest Securities Execution Policy, in order to assess whether the 'best' execution venue or entity is being chosen for a given type of transaction.
- 3.12.6 Where monitoring reveals that FBNQuest Securities has fallen short of obtaining the average market price or volume subject to trading volume on the day, it shall consider whether this is because the Company has failed to follow its Execution Policy and/or arrangements or because of a deficiency in such policy and/or arrangements, and make appropriate amendments.

3.13 **Disclaimer**

FBNQuest Securities will not carry out any client's instruction to execute if such would result in it being in breach of any law, regulation or other requirement of any governmental or other authority in accordance with which it is required to act (including any rules or practice of any stock exchange, clearance system, self-regulatory organisation or market) or if the execution of the client's instruction is prevented, hindered or delayed by a Force Majeure Event, in such

case its obligation to ensure best execution will be suspended for as long as the Force Majeure event continues.

3.14 **Consent**

FBNQuest Securities is required to obtain the prior consent of its clients to the Best Execution Policy. By giving an Order to FBNQuest Securities, you confirm your acceptance of this Policy.

3.15 **Recordkeeping**

FBNQuest Securities shall keep and preserve the records of its trading activities for a minimum of 10 years.

4 Roles and Responsibilities

4.1 **FBNQuest Securities Board of Directors**

4.1.1 Has ultimate responsibility for this Policy.

4.1.2 Adopts and approves this Policy.

4.1.3 Familiarises itself and adheres to the Policy as it relates to Executive Directors.

4.1.4 Initiate any disciplinary action required for any breach of this Policy by an Executive Director.

4.1.5 Institute and maintain measures and controls to ensure adherence to this Policy.

4.2 **Risk Management Committee (RMC)**

4.2.1 Considers and approves this Policy.

4.2.2 Minutes any exceptions or deviations allowed in terms of this Policy.

4.2.3 Reviews reports on non-compliance with this Policy.

4.3 **Heads of Departments/Heads of Units (collectively referred to as “HODs”)**

4.3.1 Familiarise themselves with and adhere to this Policy and related Best Execution procedures.

4.3.2 Ensure that all employees in their respective Departments/Units familiarise themselves with and comply with this Policy.

4.3.3 Ensure any contractors, consultants or others are briefed on the requirements of this Policy.

4.3.4 Where applicable, make formal application to Compliance for any dispensations to the minimum requirements of this Policy.

4.3.5 Report any Conflicts or irregularities to Compliance.

4.3.6 Deal with breaches of this Policy and related procedures.

4.4 **Compliance must:**

4.4.1 Monitor adherence to this Policy and related arrangements;

4.4.2 Report any irregularities to the relevant Committees and/or the Board;

4.4.3 Give approvals in line with this Policy and Best Execution arrangements;

4.4.4 Raise awareness in terms of this Policy;

4.4.5 Advise the Board and/or employees, where necessary;

4.4.6 Query and report any client’s Order not managed in line with this Policy;

4.4.7 Liaise with line managers, employees and BUHs to resolve Conflicts of Interest;
and

4.4.8 Provide training and guidance in respect of this Policy.

4.5 **Employees must:**

4.5.1 Familiarise themselves with and adhere to this Policy and related Best Execution procedures;

4.5.2 Keep appropriate records of transactions executed on behalf of clients.

4.5.3 Ensure that known or suspected breaches of this Policy are reported to Compliance immediately.

4.5.4 Co-operate with Compliance for any regulatory, internal/external audit or internal investigation in respect of this Policy.

5 Related policies and procedures

5.1 Code of Ethics.

5.2 Personal Account Trading (PAT) Policy.

5.3 Conflicts of Interest Policy.

5.4 Confidential Information Policy.

5.5 Market Conduct Policy.

5.6 Whistle-Blowing Policy.

6 Disciplinary Action

6.1 Failure to adhere to this Policy (either intentionally or as a result of negligence) shall result in disciplinary action, which may lead to the termination of employment.

6.2 In addition, an employee may be held personally liable for civil or criminal penalties, which may include fines, payment of damages or imprisonment.

7 Definitions

7.1 Best Execution for firms can be defined as the trading process firms apply that seeks to maximise the value of a client's financial instrument or product under the circumstances (i.e. depends on the circumstances).

7.2 Client

A person or persons or institution that holds or maintains a relationship with FBNQuest Securities Limited or expresses or indicates an intention to do so (including but not limited to a consultant, broker, counterparty, vendor or other service providers).

7.3 Confidential Information

Confidential information is any item of information (verbal, written, or electronic) obtained in the course of an employee's employment, which is not in the public domain and is received with the reasonable expectation or a contractual agreement that the information will remain confidential. Important considerations are:

7.3.1 Whether the information is or has been made public; and whether the information is competitively/commercially sensitive to the Client (or a party related to the Client) concerned.

7.3.2 Confidential information may (or may not) include MNPI. MNPI is any information which has not been made public and which, if it were to be made available to the public, it would likely be relevant to a reasonable investor's decision to deal; and

7.3.3 Where it is not clear whether confidential information also is, or includes, MNPI or PSI, such information must be treated as MNPI.

7.4 Conflicts of Interest

Within the context of this Policy, a Conflict of Interest, (a “conflict”), arises in any activity or transaction to which FBNQuest Securities is a party or for which FBNQuest Securities provides services and where:

7.4.1 The interests of FBNQuest Securities and that of a client, either directly conflict or are incompatible with one another [**FBNQuest Securities/Client conflict**];

7.4.2 The personal interests of an employee or other agent of FBNQuest Securities conflict or are incompatible with those of a client of FBNQuest Securities [**FBNQuest Securities employee/Client conflict**];

7.4.3 The personal interests of an employee or other agent of FBNQuest Securities conflict or are incompatible with those of FBNQuest Securities [**FBNQuest Securities employee/FBNQuest Securities conflict**]; and/or

7.4.4 The interests of two or more clients of FBNQuest Securities either directly conflict or are incompatible with one another [**Client/Client conflict**].

7.4.5 FBNQuest Securities as a Broker-Dealer company is part of a broader group, and as part of a group, reporting lines and information flow between the company, non-executive directors, its parent company and/or other subsidiaries which can lead to the emergence of similar conflicts of interest (for example sharing of potential proprietary, confidential or otherwise sensitive information from different entities), [**Group conflict**].

7.5 Employees

Employees of FBNQuest Securities in the context of this Policy shall include the following:

7.5.1 Permanent employees;

7.5.2 Independent consultants;

- 7.5.3 Interns;
- 7.5.4 Contractors and secondees;
- 7.5.5 Consultants (excluding consultants providing external assurance services); and
- 7.5.6 Any other category of staff, regardless of specific job responsibilities, department or location.

7.6 **Execution Arrangements**

Execution arrangements are the means that FBNQuest Securities employs to obtain the best possible result when executing Orders or decisions to deal.

7.7 **Execution Policy**

Execution Policy is a document that describes the most important and/or relevant elements of those execution arrangements.

7.8 **Force Majeure Event**

A Force Majeure Event means any event due to any cause beyond the reasonable control of FBNQuest Securities, such as unavailability of communication or trading system, sabotage, fire, flood, explosion, acts of God, civil commotion, strikes or industrial action of any kind, riots, insurrection, war or acts of government.

7.9 **Material Non Public Information (MNPI)**

Broadly speaking, Material Non-Public Information (“MNPI”) constitutes information which has not been made public (i.e. not in the public domain) and which, if it were to be made available to the public, would likely be relevant to a reasonable investor's decision to deal.

7.10 **Price Sensitive Information (PSI)**

Confidential Information of a precise nature that is related to one or more issuers of financial instruments or to commodities, which is likely to have a significant impact on the price of a financial instrument, commodity or a related derivative of a financial instrument or commodity.

7.11 **Total Consideration**

Total consideration is the price of the financial instrument and the costs related to execution, including all expenses incurred by the client which are directly related to the execution of the Order such as execution venues fees, clearing and settlement fees, and any other fees paid to third parties involved in the execution of the Order.

8 Policy Administration

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