



Best Execution Policy

1 Introduction

- 1.1 Under paragraph 3.1 of MAS Notice SFA 04-N16 on Execution of Clients' Orders,

"A capital markets intermediary, which (either directly or through its agent) places or executes, or both, as the case may be, customers' orders for purchase or sale of any capital markets products, must establish and implement written policies and procedures that are commensurate with the nature, scale and complexity of its business:

(a) to place or execute or both, as the case may be, customers' orders on the best available terms; and

(b) to place or execute, or both, as the case may be, comparable customers' orders in accordance with the time of receipt of such orders "

- 1.2 Pursuant to the requirements of the MAS Notice SFA04-N16 and related Guidelines, KGI Securities Singapore Pte. Ltd. ("KGISS") sets out below its policy ("Best Execution Policy") to facilitate execution of its customers' orders on best available terms ("Best Execution")

2 Purpose

- 2.1 The Best Execution Policy sets out the Company's approach and procedures to provide Best Execution when receiving and executing and/or transmitting customer orders to other brokers for execution.

3 Application

- 3.1 This Policy applies to:

(a) all capital markets products as defined under the Securities and Futures Act (SFA) regardless whether KGISS is acting as an agent or principal;

(b) execution of customer orders by KGISS itself on an execution venue or placing the orders with another broker for execution; and

(c) all customer orders whether for products traded on an exchange or over the counter.



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4 Best Execution

- 4.1 Where KGISS has the obligation to provide Best Execution, it will execute a client's order taking into consideration the following factors:

Types of orders

- 4.1.2 Different types of orders placed by customers have different characteristics, which dictate the manner and the timing that the orders are to be executed.
- 4.1.3 In order to carry out Best Execution for customer orders, it is essential to understand the characteristics of the orders.

A. Market order (MO)

An order to buy or sell immediately at the prevailing market price. The Company shall without delay execute the MO at the prevailing best bid or ask price as the case may be.

B. Limit orders (LO)

The Company shall execute the order when the pre-defined price is reached.

- (1) Buy Limit - an order to buy at or below a specified price. For a buy limit order, this means placing the order at or below the current market bid.
- (2) Sell Limit - an order to sell at or above a specified price. To ensure an improved price, the order must be placed at or above the current market ask.

C. Stop-loss orders

A stop-loss order remains dormant until a certain price is passed, at which time it is activated as a market order.

- (1) Buy Stop - an order to buy at a price above the current market bid. This order is triggered after a specified price level has been reached. Buy stop are orders placed above the market. Once a stop level has been reached, the order will be immediately converted into a market or limit order.



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- (2) Sell Stop - an order to sell at a price below the current market ask. Like the buy stop, a stop order to sell is triggered only after a specified price level has been reached. Sell stop is placed below the market price. Once a stop level has been reached, the order will be immediately converted into a market or limit order.

4.1.5 Customers may place other order types with specific instructions. The Company shall ensure these orders are accorded Best Execution.

4.1.6 The Company shall ensure all orders are promptly and correctly placed or executed in the manner as per the order's requirements.

4.2 Customer's instructions

4.2.1 Where customers placed orders with specific instructions the Company shall execute the orders in accordance to the customer's instructions. For example, customer request to execute on a particular venue or to execute an order over a particular timeframe.

However, where the customer's instructions relate to only part of an order, KGISS will continue to apply the policy of Best Execution to those aspects of the order not covered by specific instructions.

4.2.2 Pursuant to paragraph 3.7 of the MAS Guide On Execution Customers' Orders so long as the orders are placed and/or executed in accordance with the customer's instructions, the Company would be regarded as having satisfied the Best Execution obligations, with respect to the part of the order to which the customer's instruction relates.

4.2.3 Factors that are taken into consideration when carrying out Best Execution include:

Communication with customers on market conditions that pose challenges to achieving best execution of the orders, e.g:

- (a) the size of orders;
- (b) the price of orders;
- (c) price bandings set by Exchanges, which may affect e.g stop orders;
- (d) illiquidity and/or volatility of the market on which the orders are to be executed, for example lack of bid or offer volume or lack



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of reasonable bid /offer;

(e) speed of execution by the Company or Company's broker; and

(f) Where required, e.g during lack of market prices, dealers can, pre-execution, compare prices with other co-related products, percentage changes, previous settlement prices etc.

4.2.4 When undertaking transactions for clients, any specific execution factors specified by the client will be paramount in ensuring best execution is provided. KGISS reserves the right to intervene in the execution if a client's orders will result in adverse market movement (e.g. large orders).

4.3 In terms of relative importance and/or applicability of the factors, the Company will take into account the following considerations:

(a) whether the customers are retail or non-retail such as accredited investors, institutional and expert investors;

(b) the type of capital markets products offered by the Company for which orders are accepted and executed;

(c) the characteristics of the execution venues or brokers; and

(d) the characteristics of the orders.

5 Execution Venues

5.1 Where a customer order can be executed in *more than one* venue or broker, KGISS will consider that venue that is likely to result in the Best Execution of the orders on a consistent basis.

5.2 Where KGISS does not have more than one execution venue or broker. For example, for certain financial instruments there may only be one execution venue available and in executing a trade in such circumstances, KGISS will assume that the selection of that venue satisfies the Best Execution factor for venue selection.

5.3 In executing trades for clients, KGISS may utilise third party brokers, counterparties and note issuers. Where KGISS uses a third party



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broker, counterparty to execute transactions, KGISS shall strive to achieve Best Execution for the customer orders.

- 5.4 KGISS performs periodic due diligence assessments and reviews on affiliates, third party brokers, counterparties and note issuers.