



Information on DBS Singapore Best Execution Policy

1. INTRODUCTION

- 1.1. Under MAS Notice SFA 04-N16 on Execution of Customers' Orders, in relation to the purchase or sale of any capital markets products, DBS Bank Ltd ("DBS" or "we") is required to establish and implement written policies and procedures ("the Execution Policy") to place or execute or both, customers' orders on the best available terms, and comparable customers' orders in accordance with the time of receipt of such orders.
- 1.2. This document sets out the Execution Policy of DBS Treasury and Markets Business Unit ("T&M") and our approach to providing best execution.

2. SCOPE OF APPLICATION OF BEST EXECUTION

- 2.1. This document applies to our customers, other than customers classified as an institutional investor, (i) on whose behalf, or with whom, we deal or will deal in capital markets products; and (ii) on whose behalf, we carry on or will carry on fund management.
- 2.2. Best execution is generally owed when we accept an order to execute a transaction on the customer's behalf, or place the customer's order with, or pass the customer's order to others or an execution venue for execution or in other circumstances where we have otherwise expressly agreed to accept such best execution obligation.
- 2.3. The best execution obligation is also applicable when we are acting in a principal capacity and the customer is placing a legitimate reliance on us to protect their interest in relation to the execution of a transaction. If the customer is an accredited or expert investor, in order to determine whether they are placing legitimate reliance on us, we will take into account the Markets in Financial Instruments Directive's four-fold cumulative test, namely:
 - Which party initiated the transaction – Where the customer initiates the transaction, it is less likely that they are placing legitimate reliance on us. In circumstances where we may communicate trade ideas, market communications or indicative prices as part of our general business, we regard these communications as purely for information purposes and do not believe that such communications will be deemed to have initiated the transaction.
 - Questions of market practice and the existence of a convention for customers to "shop around" – Where market practice for a particular asset class or product suggests that the customer will have ready access to various providers who may provide quotes and the customer has the ability to shop around, it is less likely that the customer will be placing legitimate reliance on us. For example, in the wholesale OTC derivatives and bond markets, buyers conventionally "shop around" by approaching several dealers for a quote and, in these circumstances, there is no expectation between the parties that the dealer chosen by the customer will owe best execution.
 - The relative levels of transparency within a market – In circumstances where pricing information is transparent and it is reasonable that the customer has access to such information, it is less likely that the customer will be placing legitimate reliance on us.
 - The information provided by the customer and any agreement reached – Where any agreements or arrangements with the customer (including the provisions within our Guide) do not indicate or suggest that an understanding has been reached that the customer will place any legitimate reliance on us or we have agreed to provide best execution.

Where the consideration of the above factors concludes that there is no legitimate reliance on us, Best Execution will not apply.



3. SPECIFIC INSTRUCTIONS

- 3.1. Where the customer gives us a specific instruction in relation to an order, we will follow that instruction so far as is reasonably possible when executing the trade. By following the customer's specific instruction, we will have satisfied the obligation to provide the customer with best execution in relation to that transaction. Examples of such instructions may include, but are not limited to, requests to execute on a particular venue or to execute an order over a particular timeframe.
- 3.2. In circumstances where the customer gives us a specific instruction which covers one part or aspect of an order, we will have satisfied the obligation to provide the customer with best execution in relation to the relevant part of the transaction to which the specific instruction applied. The remaining portion of that order not covered by such specific instruction may still be applicable for best execution in accordance with the criteria set out in our Guide.
- 3.3. Any specific instructions from the customer may prevent us from taking the steps that we have designed and implemented in this document to obtain the best possible result for the execution of those customers' orders in respect of the elements covered by those instructions.

4. APPLICATION OF EXECUTION FACTORS

- 4.1. When executing orders on the customer's behalf, we will give consideration to a range of execution factors when determining how to obtain the best possible result for the customer. Some of the below factors are considered to be more important than others; however, there are situations where the relative importance of these factors may change in accordance with instructions that the customer provides or broader market conditions.
- 4.2. The execution factors which we consider are:
- i. Price – This is the price at which the order is executed;
 - ii. Costs – This includes implicit costs such as the possible market impact, explicit costs, e.g. exchange or clearing fees or spread;
 - iii. Size and nature – This may affect the price of execution;
 - iv. Speed – The time it takes to execute the customer's order;
 - v. Likelihood of execution and settlement – The likelihood that we will be able to complete the customer's order; and
 - vi. Any other considerations relevant to the placement and/or execution of the order – This may include, for example, the particular characteristics of the customer's order which can affect how best execution is received.

The above execution factors indicate the importance of being able to exercise the appropriate judgment in the best interests of the customer given the differing needs and requirements of each customer transaction and the broader market. Set out in Appendix I are the types of products that we trade and how we prioritise the above execution factors to each type of product. Set out in Appendix II are the considerations for the Fund Structuring Desk of DBS Treasury and Markets Business Unit, the Fund Structuring Desk acts as Investment Manager for the funds it manages.

- 4.3. When determining the relative importance of each execution factor, we will take into account the following in the context of market:
- i. the type of customers, whether retail customers¹ or otherwise;



- ii. the types of capital market products;
- iii. the characteristics of the execution venues or brokers to which the order can be directed; and
- iv. the characteristics of the customer's orders.

Generally, we consider that the most important execution factor for our customers is the price at which the transaction in the relevant capital market product is executed. However, there may be circumstances where the primary execution factors may vary and price is no longer the dominant execution factor; for example, for transactions in illiquid securities, the likelihood of execution and settlement become more important. During the process when applying consideration to each execution factor, we will use our experience and expertise to achieve the best balance across the full range of factors. This may mean that we do not always achieve the best price for every customer transaction, but the best result that can be reasonably expected given the information available during the execution process. It should, however, be noted that when undertaking a transaction, any specific execution factors specified by the customer will always be paramount in ensuring best execution is provided.

- 4.4. Our commitment to provide the customer with best execution does not mean that we owe the customer any fiduciary or other duties over and above the specific regulatory obligations placed upon us.

5. EXECUTION VENUES

- 5.1. In selecting an execution venue to place or execute the customer's order, we will take into account the execution factors listed in section 4.2, including (without limitation) information published by execution venues on their execution quality in order to obtain on a consistent basis the best possible result. We may use one or more of the following venue types to clear our own market risk when acting as principal or when executing the customer's order:

- i. Exchanges, including overseas exchanges
- ii. Electronic trading platforms
- iii. Our other offices and affiliates
- iv. Third party financial institutions, such as market makers, liquidity providers, fund providers
- v. Third party brokers

6. MONITORING AND REVIEW

- 6.1. We will monitor the effectiveness of our Execution Policy and arrangements to identify and, where appropriate, correct any deficiencies.
- 6.2. We will assess whether the entities (including our other offices and affiliates) to which we transmit orders for execution provide the best available terms for our customers on a consistent basis.
- 6.3. We will carry out the reviews and assessments of our Execution Policy and arrangements regularly or whenever a material change occurs that affects our ability to obtain the best available terms for the execution of our customers' orders on a consistent basis using the various execution venues. We will notify our customers of any material changes to our Execution Policy.

¹ "Retail customer" means a customer who is not an accredited investor, an institutional investor or an expert investor (as defined in section 4A of the SFA).



APPENDIX I

1. FX DERIVATIVES

(A) Non-deliverable forwards (NDFs)

When executing transactions where best execution applies, DBS will take in account the execution factors listed in section 4.2.

Subject to any specific instruction as mentioned in section 3, in the event that legitimate reliance is placed on us, DBS would generally prioritise price over the other execution factors in liquid markets.

In illiquid markets, due to the lack of available liquidity in the market, size may become more important than price and costs could be higher.

(B) FX Forwards and Swaps

DBS executes the spot leg and swap leg of these transactions independently. FX Spot is not included in the scope of MAS best execution requirements.

When executing transactions where best execution applies, DBS will take in account the execution factors listed in section 4.2.

Subject to any specific instruction as mentioned in section 3, in the event that legitimate reliance is placed on us, DBS would generally prioritise price over the other execution factors in liquid markets. For longer tenor trades (more than one year), cost may become more important.

In illiquid markets, due to the lack of available liquidity in the market, size may become more important than price, and costs could be higher in importance.

(C) FX Options

When executing transactions where best execution applies, DBS will take into account the execution factors listed in section 4.2.

Subject to any specific instruction as mentioned in section 3, in the event that legitimate reliance is placed on us, DBS would generally prioritise price over the other execution factors in liquid markets.

In illiquid markets, due to the lack of available liquidity in the market, size may become more important than price.

2. INTEREST RATE DERIVATIVES

When executing transactions where best execution applies, DBS will take into account the execution factors listed in section 4.2.

Subject to any specific instruction as mentioned in section 3, in the event that legitimate reliance is placed on us, DBS would generally prioritise price over the other execution factors in liquid markets.

In illiquid markets, due to the lack of available liquidity in the market, size and likelihood of execution may become more important than price.

3. EQUITY & EQUITY DERIVATIVES

(A) Cash equities

Customers provide specific instructions either to execute at market or leave an order to execute at a certain price. As such, to the extent that we follow such instructions, we have satisfied any best execution requirements with respect to that order.



(B) Equity derivatives

When executing transactions where best execution applies, DBS will take into account the execution factors listed in section 4.2.

Subject to any specific instruction as mentioned in section 3, in the event that legitimate reliance is placed on us, DBS would generally prioritise price and size, which will impact of likelihood of execution, over the other execution factors in liquid markets.

DBS typically does not engage in illiquid equities, these are only considered on a case-by-case basis, and the manner of execution is typically discussed with the customer upfront.

4. CREDIT & CREDIT DERIVATIVES

(A) Singapore Government Securities (SGS) and MAS Bills

In the majority of cases, customers give specific instructions on their orders, and our execution of customers' orders follows customers' specific instructions. To the extent that we follow such instructions, such as the size or price of trade to be executed, we have satisfied any best execution requirements with respect to that order.

(B) Corporate Bonds

When executing transactions where best execution applies, DBS will take into account the execution factors listed in Section 4.2.

Subject to any specific instruction as mentioned in section 3, in the event that legitimate reliance is placed on us, DBS would generally prioritise price over the other execution factors in both liquid and illiquid markets.

(C) Credit Derivatives

When executing transactions where best execution applies, DBS will take into account the execution factors listed in Section 4.2.

Subject to any specific instruction as mentioned in section 3, in the event that legitimate reliance is placed on us, DBS would generally prioritise price over the other execution factors in both liquid and illiquid markets.

5. COMMODITY DERIVATIVES

When executing transactions where best execution applies, DBS will take into account the execution factors listed in Section 4.2.

Subject to any specific instruction as mentioned in section 3, in the event that legitimate reliance is placed on us, DBS would generally prioritise price over the other execution factors in liquid markets.

In illiquid markets, due to the lack of available liquidity in the market, size may become more important than price and costs could be higher.

6. EXCHANGE TRADED FUTURES

DBS acts as an agent when executing orders on behalf of customers. Examples of these orders include market orders, limit orders and discretionary TWAP orders.

The execution of these orders follows customers' specific instructions, including for discretionary TWAP orders. To the extent that we follow such instructions, such as the time an order should be placed or the specific contract and exchange to execute on, we have satisfied any best execution requirements with respect to that order.

For discretionary TWAP orders, the timeframe to execute these orders are instructed by the customer. The orders are then executed via the TWAP algorithm on the trading platforms where parameters are entered by the Bank based on customers' instructions. As such, there is no discretion by the Bank for such orders.



7. EMISSIONS REDUCTION BUSINESS

When executing transactions where best execution applies, DBS will take into account the execution factors listed in Section 4.2.

Subject to any specific instruction as mentioned in section 3, in the event that legitimate reliance is placed on us, DBS would generally prioritise price over the other execution factors in liquid markets.

In illiquid markets, due to the lack of available liquidity in the market, size may become more important than price and costs could be higher.



APPENDIX II

1. FUND STRUCTURING DESK OF DBS TREASURY & MARKETS

Best Execution applies to the Fund Structuring Desk (FSD) of DBS Treasury & Markets (T&M) in its capacity as Investment Manager for the investment funds it manages (each a "Client" and collectively "Clients"). When executing orders on behalf of its Clients, FSD will take all sufficient steps to obtain the best possible outcome in relation to order execution and selection of Execution Venues.

1. Execution factors

FSD considers the following factors to be most important when executing orders on behalf of its Clients:

1. Price
2. Costs
3. Speed
4. Likelihood of the execution
5. Other considerations

When determining the importance of execution factors for a specific order, FSD will take into account the following:

- (a) the categorisation of the Client and whether they place reliance on FSD to achieve the best possible outcome;
- (b) the types of capital markets products;
- (c) the types and characteristics of the orders; and
- (d) the characteristics of the Execution Venues or brokers to which the order can be directed.

Generally, price and costs together will be the most important factors in obtaining Best Execution, but the relative importance of these factors may differ based on the above characteristics or in response to the instructions that a Client may have provided. For example, where the size of the trade is large compared to the liquidity of the product, the likelihood of execution may be deemed more important.

2. Order handling

When executing a transaction on behalf of Clients, FSD will consider the different execution factors in the context of the fund's investment mandate to form a suitable execution strategy.

An execution strategy may result in FSD routing the Client's order to one or more Execution Venues². In doing so, FSD will consider the characteristics of the capital markets product and the market in which the order is being executed, including any information or specific instruction from the Client where applicable.

3. Factors affecting the choice of Execution Venues

FSD assesses Execution Venues to determine whether they have the ability to consistently provide Best Execution.

FSD considers some or all of the following criteria in choosing the most appropriate Execution Venue to obtain Best Execution, depending on the type of transaction:

- a. Commission rates and other costs;
- b. Clearance and settlement capabilities;
- c. Ability to provide a secondary market in sizes that match requirements;
- d. The structuring capability of the counterparty;
- e. Counterparty credit ratings;
- f. Ability of the counterparty to provide frequent valuations;

FSD selects the Execution Venue and executes transactions in various ways depending on the nature of the capital markets products as follows.

² Please refer to Paragraph 5 of the Guide for the types of Execution Venues used.



- Securities and other exchange-traded products (for example, Equities, Fixed income securities, Exchange-traded funds)

FSD typically requests a quote to trade with one or more counterparties on behalf of a Client. The transaction is executed with the counterparty where FSD believe the terms enable FSD to achieve Best Execution.

Given the nature of these products, liquidity and price are the main determining factors, as well as speed, commissions (when applicable) and size of transaction. FSD uses various tools such as Trade Web or Bloomberg to retrieve quotations from competing venues. Quotations are recorded and trades concluded through the venues that provide the best price, taking into account the counterparty's ability to provide settlement and competitive spreads as well as liquidity.

- Collective investment schemes

FSD transacts in collective investment schemes with the respective fund providers at the official price.

- OTC derivatives

Execution Venues for derivatives are selected based on factors such as ability to conclude the overall transaction, the credit quality of the counterparty, the current exposure to the counterparty, the overall structuring capability of the counterparty, and relevant ISDA documentation in place.

OTC derivatives trades may include a combination of a security element and an OTC derivative overlay that relates to an underlying instrument. These trades are generally combined in one order. Depending on the type of derivatives and the complexity of the payoff, there may be only a single counterparty.

Due to the range of services and products offered by the DBS Group and Clients' demand, and taking into consideration the selection criteria for Execution Venues as described above, the counterparty will usually be entities within the DBS Group.

- Foreign exchange transactions

For all foreign exchange forwards transactions, FSD will obtain prices from DealOnline, an electronic trading platform offered by DBS Bank Ltd and transact via this electronic platform on similar terms like all other clients of DBS Bank Ltd.

- Exchange-traded Futures

Clients provide instructions on the specific contract and exchange to execute on.

In both liquid and illiquid markets, there is no specific prioritisation of execution factors as this is dependent on the Client's specific instructions.