

DBS Vickers (Hong Kong) Limited

Best Execution Policy: Equities

The Securities and Futures Commission ("SFC") sets out guidance on the standards of conduct and internal controls expected of banks and licensed corporations (LCs) in delivering best execution. The SFC expects LCs to have in place arrangements, including controls, monitoring and management supervision, to obtain the best available terms. Such arrangements are used to ensure best execution is achieved consistently.

1 The Company's services

- 1.1 The DBS group of companies ("the group" or "DBS group") is committed to high standards of business practice at all times, and will communicate information to clients in a manner which is clear, fair and not misleading.
- 1.2 DBS Vickers (Hong Kong) Limited ("the Company") will, in accordance with the Terms of Business, Terms of Business, place orders for clients either:
 - 1.2.1 markets in which the group or its agents operate, or
 - 1.2.2 exceptionally, other markets as may be agreed (or for which the Company may accept instructions) pursuant to your specific instructions and determined on a case-by-case basis.

2 Scope of the policy

- 2.1 Our commitments in respect of best execution and the handling of your orders do not mean that the Company owes its clients any fiduciary or other responsibilities beyond the specific regulatory obligations placed on it or as may otherwise be contracted between the Company and any particular client.

3 Receipt and transmission of orders and instructions

- 3.1 **Specific Instructions:** To the extent that the Company follows specific instructions received from a client, the Company is deemed to satisfy its best execution obligations when it places or transmits the client's order in accordance with those instructions. However, where the instructions relate to only part of an order, the Company will continue to apply this policy to those aspects of the order not covered by specific instructions.
- 3.2 In any event, the Company requires all orders received from clients to contain specific instructions as to how those orders are to be executed, in accordance with *Dealing/execution protocol* below:

Where you place or route an order directly with DBS Vickers (Hong Kong) Limited, or other group company or local agent who is a participating member of the local exchange on which the order will be executed, for example through a direct order placing system (FIX), by telephone call or other transmission

methodology, this Company will not be acting as a receiver and transmitter of your order.

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 equity securities, the Company will ensure that any order is executed in accordance with the policy 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 the Company's control, it may be appropriate to use an execution method or venue other than one described in this policy. 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, the Company 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** The duty of best execution not only relates to price but also involves the consideration of various factors. In the absence of express instructions from a client, the relevant group company or agent will exercise its own discretion in determining the factors that need to be taken into account in executing any particular order.
- 5.2** The factors which the company and relevant group company or agent will take into account when it determines the manner in which a client's order will be executed are, in no order of priority, costs related to execution (including without limitation the charges and other costs of the possible execution venues), liquidity and other factors relating to the speed and certainty of execution and market impact, the size and nature of the order, the creditworthiness of clearing and settlement institutions in the relevant markets, and any other consideration relevant to the efficient execution of the order.
- 5.3** Price will generally merit a high relative importance, but the overall value to a client of a particular transaction will be affected by the other factors mentioned above, particularly liquidity. Accordingly, even if a trade appears not to have been executed at the best possible price in retrospect that does not imply a failure to deliver "best execution".
- 5.4** The company and the relevant group company or agent will take into account the following criteria when determining the relative importance of the execution factors referred to above, namely the characteristics of the client, of the order, of the financial instruments that are the subject of the order, and/or of the execution venues to which the order may be directed.

6 Dealing/execution method and venues

- 6.1** In respect of any orders which the Company transmits (transmit overseas stock, but DBS Vickers (Hong Kong) Limited Vickers will still execute HK market stock), it will either (a) determine (generally or specifically) the ultimate execution venue in accordance with the policy summarised herein, and instruct its group company or agent accordingly, or (b) have satisfied itself that the persons to whom the Company transmits order for execution have arrangements in place generally to ensure the best possible results in executing orders in appropriate conditions.
- 6.2** Where either the Company or the relevant group company or agent, considers that a client's best interests would be served by arranging for execution of an order in a market. This may be drawn to the attention of the client, and the client's specific instructions sought. The Company generally expects the relevant group company or local agent to refer to the Company for instructions where they consider a client's interests would be best served in this way, and the Company may in turn refer back to the client, but the above execution factors (including in particular a client's need for timely execution) will be relevant to whether any referrals are made and in relation to any exercise of discretion by the Company (or other group company or local agent) to instruct the use of (or use) another execution venue or otherwise supplement instructions or authority which the Company has given to the group company or local agent, or to employ a different execution agent or venue.
- 6.3** Orders will generally be executed through the group company securities broker responsible for the securities exchange market where the security is traded, where such group company is an exchange participating member.
- 6.4** Other orders will generally be executed through an exchange participating member with whom the group has an agreement to execute orders on the relevant securities exchange.
- 6.5** Further information in respect of the entities through whom orders may be executed, including official entity names, whether group companies or the group's local agents, can be provided to clients by contacting their usual contact at the Company.

7 Dealing/execution protocol

- 7.1** All orders received from clients:
- 7.1.1** will contain specific instructions as to how any order is to be executed, as follows: Strict limit, Limit or better, Market order, Careful discretion ('CD'), Stop order, All or nothing ('fill or kill'), Full discretion order; and
 - 7.1.2** may additionally include further specific instructions such as dealing/execution parameters or limitations, which may be conveyed by the client at the time any order is placed with the Company.
- 7.2** Further information in respect of any of the above conventions can be provided to clients by contacting their usual contact at the Company.

8 Transaction reporting

The company whom an order is received and transmitted or executed will undertake any transaction or trade reporting which they are required to do by the rules and regulations of the jurisdiction in which they operate and/or the rules and regulations of the market on which the transaction was executed and/or laws applicable to them, but unless otherwise expressly agreed in writing will not undertake any transaction, trade or other regulatory reporting for clients of the Company.

9 Monitoring and control mechanisms to review execution quality of orders/trades

9.1 Monitoring and control

To the extent that the Company follows specific instructions received from a client, the Company is deemed to satisfy its best execution obligations when it places or transmits the client's order in accordance with those instructions. Base on client's instruction to execute orders, the execution prices are in line with client's expectations. However, where the instructions relate to only part of an order, dealer will clarify the orders with the client's in the first place. Then to reconfirm with clients and obtain clients' instructions for handle the remaining part instead of continuing the previous strategies or instructions as a norm for coming order execution.

9.2 Regular policy review

The Company will review its equities order execution policy and the arrangements described herein at least annually, and whenever a material change occurs that the Company considers may affect the ability to continue to obtain the best possible result for clients' orders on a consistent basis. The Company will notify clients of any material change to the policy or arrangements.