CHAPEL HILL ℕ DENHAM

SECURITIES LIMITED

ORDER MANAGEMENT AND BEST EXECUTION POLICY

Contents

1. INTRODUCTION

1.1 Preamble

The purpose of this document is to provide guidance to Chapel Hill Denham Securities Limited ("Chapel Hill Denham Securities") on the order management process flow in relation to equity and other related instruments. It is intended solely for use by employees of Chapel Hill Denham Securities.

It is intended to be read in conjunction with the *Securities Trading Policies and Procedures Manual.*

This document is not intended to:

- Outline regulatory reporting obligations and requirements
- Set out the existing controls and monitoring for Securities Trading Group
- Cover all eventualities and circumstances

1.2 Document Review and Updates

This document will be reviewed by Legal and Compliance on an annual basis to ensure on-going relevance and to incorporate procedural changes in line with new regulatory requirements where applicable.

Last Updated................ [December 2014]

2. HIGH LEVEL OVERVIEW OF THE SALES AND TRADING PROCESS

- **Sales and relationship management:** Client on boarding and establishment of relationship. Client communication; Receipt and processing of trade orders; confirmation of trade executions. This stage also covers trade orders initiated by clients through web and other applications.
- **Execution –** Performed by Trader who will endeavour to process the client's order correctly and in line with the best execution policy (for transactions on NSE).
- **Settlement** – this involves final settlement of the client's order.
- **Reporting** – this refers to both internal and external financial, management and regulatory reporting obligations. This is performed by the Operations and Finance Departments. For further details please see the *Securities Trading Policies and Procedures Manual*.

3. EXECUTION

3.1 Order Routine Flow

- Trades are normally executed inside official market trading hours between 9.30am and 14.30pm, Monday to Friday. The trader is not permitted to trade out of hours.

- All trades executed are transacted primarily on an agency basis. Chapel Hill Denham Securities does not hold any principal positions and does not engage in proprietary trading for its own books.

- All trades are executed on the official exchange platform of the Nigeria Stock Exchange ("NSE"). Client orders can be taken via pre-approved email, fax, telephone and/or Swift. In certain instances, the client may come to the office and fill out a mandate form.

- At Chapel Hill Denham Securities, we normally operate the principle of First In First Out ("FIFO") i.e. trade orders are processed on a "first come first served" basis.

- The client is required to specify the nature of the order mandated which will determine the manner in which the client order is handled:
  - Price orders. If it is a price order, the trader is required to trade the order in line with the indicated price or better for the day.
  - Market orders. If it is a market order, the trader is required to trade the order in line with overall market volume and average price before the expiration date of the order except otherwise stated by the client.

- All trade orders should contain at a minimum:
  - Order type: Buy / Sell
  - Quantity
  - Price limit
  - Date limit / Expiration date
- Where no price limit is stated, orders will be executed at best market price
- Where no date limit is stated, orders will be good for the day.

3.2 Executing Trade Orders

- The Trader is responsible for executing client orders based on the information provided in the trade order. The Trader will endeavour to obtain the best market price within a specified trading period in line with the market price average throughout the time of the lifespan of the trade order i.e. from open to close.

- Block trades are transacted based on a pre-agreed price that falls within the allowable market price ranges for the day as between a willing buyer and a willing seller.

3.3 Best Execution

- Best execution – CHD operates a best execution policy for execution of transactions on the NSE. Best execution means that CHD will aim to treat clients fairly at all times and take reasonable steps to achieve the best possible results when executing their orders.
- In exercising best execution CHD will take the following factors into consideration:
  a. Available prices. Given that the transactions can only be completed in a single venue the only pricing consideration is time of execution.
  b. Order size
  c. Market impact
  d. Nature of the order
  e. Type of financial instrument

- Orders are executed on a first in first out basis ie orders received first will be input to the trading terminal / passed to the market first.

3.4 Settlement

Trade settlement is performed on a T + 3 basis.