

---

CHAPEL HILL  DENHAM

---

ORDER MANAGEMENT & BEST EXECUTION POLICY

CONTENTS

- 1. INTRODUCTION ..... 3
  - Scope and Purpose ..... 3
  - Best Execution Principle ..... 3
- 2. EXECUTION ..... 3
  - Order Routine Flow ..... 3
  - Executing Trade Orders ..... 4
  - Settlement ..... 5
  - Role of CHDSL ..... 5

## 1. INTRODUCTION

### Scope and Purpose

The purpose of this document is to set out the approach taken by Chapel Hill Denham Securities Limited ("CHDSL") for Order Management and Best Execution in relation to equities and other financial instruments. It is applicable to employees of CHDSL and is in line with the rules of the Securities and Exchange Commission of Nigeria ("SEC"), the Nigerian Stock Exchange ("NSE"), NASD plc ("NASD") and FMDQ OTC ("FMDQ").

### Best Execution Principle

- Best Execution: CHDSL operates a best execution policy for the execution of transactions across all Exchanges. Best execution means that CHDSL will aim to treat clients fairly at all times and take reasonable steps to achieve the best possible results in the least possible time when executing their orders.
- In exercising best execution CHD will take the following factors into consideration as appropriate and in the context of the client's order:
  - a. Time of order receipt
  - b. Price
  - c. Cost
  - d. Speed
  - e. Likelihood of execution & Settlement
  - f. Order size
  - g. Nature of the order (including the market on which it is executed)
  - h. Market liquidity
  - i. Price improvement
  - j. Market impact
  - k. Any other consideration that is relevant to the execution of the order.

Additionally, CHDSL will consider the following criteria when determining the relative importance of the execution factors listed above:

- Characteristics of the client including whether they are retail or institutional;
- Characteristics of the client's order e.g. whether it is a market, limit or other type of order;
- Characteristics of the execution venues on which the order can be executed.

Consideration of execution factors will vary dependent on the order type for example an order to trade in an illiquid stock will require CHDSL to consider the ability to execute the trade in addition to price, the market on which it can be executed etc. In general, price is regarded as the most important consideration when trying to achieve best execution. Orders are executed on a first in first out basis i.e. orders received first will be passed to the market first.

## 2. EXECUTION

### Order Routine Flow

- Trades are normally executed inside official market trading hours, as designated by the relevant exchange, on business days (Monday to Friday). Traders are not permitted to trade out of hours and the FIX engine is not active outside market hours;
- All trades executed are transacted primarily on an agency basis;
- All trades are executed on the official platforms of the relevant exchange;

- Orders are received from clients via e-mail, directly from the client via FIX or on other available methods. Trades received before the cut off will be executed on the same business day;
- 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 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.
- Other characteristics which may be necessary in executing the order such as client categorisation, order details like Fill/Kill, All or none, good till month (GTM) etc. and the characteristics of the security e.g. liquidity or volatility.

### Executing Trade Orders

- CHDSL is responsible for executing client orders based only on the information provided in the trade order. It is not acceptable to alter or doctor client orders, without their written consent. **Exception** – for High-net worth individuals (HNIs) only, where orders/changes to orders are likely to be made over the phone, the Relationship Officer will send an email to the client confirming trade and confirmation from the client will need to be received before COB.
- The Traders/Sales staff must input mandates to the system on a “FIFO” (first in first out) basis.
- The Trader, where it furthers the best execution principle and does not violate the clients orders, will aggregate client orders for execution and allocate executed trades to clients’ accounts or portfolios e.g. for trades initiated by prime brokers
- The Trader will not maintain discrepancy trading accounts or accept orders of this nature from its clients.
- Block trades are transacted based on pre-approval obtained from the Securities and Exchange Commission, the relevant exchange and all other relevant parties to the transactions/order, at the agreed price between a willing buyer and a willing seller.
- Where CHDSL or its affiliates and associates is a counterparty of a trade, the trade will be treated and executed primarily as an order of the client. The Trader will keep and comply with all allocation methodologies including as advised by the Nigerian Stock Exchange.

**Note.** FIFO only applies at the opening of the market. Any mandates received prior to the market opening, should be aggregated as if all were received at the same time.

### Allocation

- Where orders are aggregated, CHDSL will consider the timing of receipt of orders when allocating executed trades to clients.
- Where mandates are aggregated and partially filled, clients will be allocated executions based on the ratio of their received mandates.
- Clients’ orders and that of CHDSL will not be aggregated or treated on an allocation basis.

## **Settlement**

Trade settlement is performed on a T + 3 basis across all markets.

## **Role of CHDSL**

- Notify clients of its best execution policy, in good time, prior to provision of services; and keep the client informed of any changes therein.
- Display the latest approved version of the best execution policy on the website at all times.
- Accurately capture all mandates in a timely and orderly manner as well as notify clients promptly of any difficulties in executing the orders.
- Provide where necessary its compliance with the best execution policy to the required party.
- Monitor and review the best execution policy periodically.

## **Audit Trail Requirements**

- The Risk Management and Compliance Unit will perform order tracking and monitoring on a daily basis.
- The order management system shall retain an audit trail on all modified, cancelled and executed orders, providing visibility through the entire lifecycle of an order.