

## Best Execution Policy

### 1. INTRODUCTION

The purpose of this document is to inform you of how HL Bank (“the Bank”) will execute trades with or on behalf of its customers. This takes into consideration the regulatory requirements issued by the Monetary Authority of Singapore (MAS).

MAS requires capital markets intermediaries to obtain the best available terms for executing in-scope customer orders in capital markets products. The information contained in this document covers the applicability of best execution in HL Bank and how HL Bank will take steps to achieve best execution for eligible transactions.

### 2. SCOPE OF APPLICATION

All eligible customers who trade in-scope capital markets products, as defined in the Securities and Futures Act 2001, with HL Bank.

Best execution is owed to customers where the Bank executes orders on behalf of customers who place legitimate reliance on the Bank to protect their interests in relation to pricing and other elements of the transaction.

Best execution is not owed to customers who are not placing legitimate reliance on the Bank to protect their interests. The Bank will determine if customers are placing legitimate reliance on the Bank by taking into account the following four considerations for non-retail investors, in particular, customers who are accredited investors, expert investors or institutional investors (collectively known as “non-retail investors”):

#### a. The Party that Initiates the Transaction

Where the customer initiates the transaction, it is less likely that the customer is placing legitimate reliance on the Bank. In circumstances where the Bank may communicate trade ideas, market communications or indicative processes as part of our general business, we regard these communications as purely for information purposes and such communications shall not be deemed to have initiated the transaction.

#### b. Market practice, including the tendency for the Customer to look for the Best Deal

Where market practice for a particular product suggests that the customer already has ready access to different providers who may provide quotes and that customer has the ability to shop around, it is less likely that the customer will be placing legitimate reliance on the Bank.

#### c. 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 the Bank.

#### d. The information provided by the firm about its services and any agreement reached with the Customer

Where any terms of an agreement with the customer do not indicate or suggest that an understanding has been reached that the customer will place any legitimate reliance on the Bank or the Bank has agreed to provide best execution.

For transactions where customers are relying on HL Bank to achieve best execution, the Bank's best execution policy will apply. For transactions where customers are not relying on HL Bank to achieve best execution, the requirements set out in this document will not apply. Even where best execution is deemed not to apply, HL Bank is nonetheless committed to offering a fair and transparent price to our customers.

Collective Investment Schemes ("CIS") have been defined to be out of scope for best execution. This is on the basis that CIS can be only subscribed to and redeemed in one place (with the manager/administrator of the CIS), and at one price (the net asset value ("NAV")). As there is no discretion with regards to execution venue and/or price, CIS is not in scope for this document.

HL Bank has in place a policy which aims to obtain the best possible execution, subject to the capital markets products and taking into account the nature of the customer's orders, the execution venues available for such capital markets products and the priorities the customer places upon us to execute those orders. While HL Bank will take all reasonable steps to achieve best execution, it does not confirm that we will be able to achieve best execution for every transaction nor confirm that every transaction will be executed in full.

### **3. PRINCIPAL TRANSACTIONS AND EXECUTION VENUE**

Our best execution policy will apply to eligible customers in relation to in-scope capital markets products which are executed by us on a principal basis with the customer as the counterparty to the transaction, and as an agent where the Bank is offering Cash Equities. In particular, for OTC Derivatives, which are executed by HL Bank bilaterally on a principal basis, the Bank will act as the execution venue.

HL Bank has a list of execution venues to execute transactions which we determine as beneficial in providing best execution.

### **4. EXECUTION FACTORS**

Where a duty to achieve best execution applies, the Bank will take account of the following factors when executing a transaction on behalf of the customer:

- a. Likelihood of execution and settlement:** The likelihood for the Bank to be able to complete the order. For example: dealing with firm bids/offers to ensure execution, and dealing with approved third parties to ensure settlement.
- b. Price:** The price will depend upon the method of order receipt and characteristics of the order, and, may also be affected by any specific instructions given by the customer.
- c. Speed of execution:** The time it takes to execute the order will depend on the price volatility and liquidity of the market.
- d. Size and nature of order:** Orders are executed in the manner that is suitable to the size requested and does not have any impact on the market.
- e. Likely market impact; Nature of the market for the financial instrument:** This may include, for example: when the market volatility of the financial instrument in question is greater than normal, there may be a reduction in the liquidity in the marketplace as well as the availability of prices.

- f. **Any “external costs” relevant to the execution:** Any external costs that are related to the execution of the transaction. For example: execution venue fees, clearing and settlement fees and any other fees paid to third parties.

Any other consideration that HL Bank considers to be relevant to the execution of the transaction.

In most cases, price will merit a high relative importance in obtaining the best possible result. However, the Bank may determine that other factors may be more important in determining the best possible execution result in accordance with the Bank’s best execution policy. In determining the relative importance of the various factors, the Bank will take into account following considerations:

- the type and other characteristics of customers (for example, level of sophistication and knowledge in products);
- the type of products;
- the characteristics of the execution venues or brokers to which the order can be directed; and
- the characteristics of the customer’s orders.

As the application of best execution policy involves the exercise of commercial judgement in the context of available information, upon the customer engaging the Bank, HL Bank will seek to execute on the best available terms in the manner set out in this document and in accordance with our best execution policy.

When executing customer orders, HL Bank may decide to aggregate the order with a transaction for our own account or that of another customer. Such aggregation will be taken, for example, to enhance the likelihood of execution, to provide a better price to customers or to reduce transaction costs by allowing the Bank to execute in larger size. HL Bank will only aggregate customer orders if it is unlikely that the aggregation will work overall to the customers’ disadvantage.

## **5. SPECIFIC INSTRUCTIONS**

Where a specific instruction is provided by the customer, best execution is deemed to be achieved (if applicable) when HL Bank executes according to the specific instructions. If the specific instruction relates to only part of the order and best execution applies, we will execute the remaining order in accordance with our best execution policy.

## **6. MONITORING AND REVIEW**

HL Bank will conduct monitoring periodically to ensure compliance with our best execution policies and procedures as well as their effectiveness. The policies and procedures associated with our best execution framework will be reviewed periodically and whenever a material change occurs that affects our ability to achieve the best possible result for our customers. The best execution policy may be updated from time to time in order to address changing regulatory, industry, business and other developments. The updated version of this document will be posted on the HL Bank website.

Please contact your relationship manager if you have any questions.