



## **BEST EXECUTION POLICY**

### **1. INTRODUCTION**

As part of our commitment to improving industry standards and enhanced disclosures, BPI Financial Group Limited (“BPI”) provides this Best Execution Policy (the “Policy”) to help clients understand how BPI executes client orders and how BPI provides Best Execution so that clients can make an informed choice on whether to use BPI’s services.

Best execution is achieved if orders are executed on best available terms for BPI’s customers. This Policy provides an overview on the overall best execution approach applied, and the factors considered by BPI to achieve best execution for its customers.

The Policy is issued pursuant to the MAS Notice on Execution of Customers’ Orders [Notice No. SFA 04-N16] (“Best Execution Notice”); and the MAS Guidelines to MAS Notice SFA 04-N16 on Execution of Customers’ Orders [Guideline No. SFA 04-G10] (“Best Execution Guidelines”).

### **2. SCOPE**

This Policy will apply to you if you are placing your order with BPI as a person, other than an institutional investor.

If you are dealing with us as an accredited or expert investor, BPI will determine whether you are placing a legitimate reliance on us to provide best execution to you based on the following criteria:

- a. Who initiated the transaction – If the transaction is initiated by you, it is less likely that you are placing legitimate reliance on us.
- b. Market practice and ability of customer to obtain quotes from various providers – where you will have ready access to obtain quotes from various providers, it is less likely that you are placing legitimate reliance on us.
- c. Relative levels of transparency within the market – Where pricing information are transparent and it is reasonable that you have access to such information, it is less likely that you are placing legitimate reliance on us.
- d. Information provided by the customer and any agreement reached – where any agreements or arrangements with you (including provisions under this Policy) do not indicate or suggest that an understanding has been reached that you will place any legitimate reliance on us.

When dealing with clients, BPI aims to act honestly, fairly, professionally and in the best interest of the client. In relation to order execution, BPI shall take all necessary steps to obtain the best possible result when executing client orders or when placing orders with, or transmitting orders to, other entities to execute. BPI will execute an order in accordance with this Policy upon acceptance of a client order and when there is no specific client instruction regarding the execution method.



### 3. APPROACH

Best Execution is the process by which BPI seeks to obtain the best possible result when executing client orders. The definition of best possible result will vary as BPI take into account a range of execution factors and determine their relative importance based on the characteristics of its clients, the orders that it receives and the markets in which it operates. These factors are further described in this Policy.

BPI shall aim to provide Best Execution where we have a contractual obligation to do so or when BPI is acting in a principal capacity and you, as a client, are placing a legitimate reliance on BPI to protect your interest in relation to the execution of a transaction.

#### 3.1 Execution Factors

BPI has considered several criteria that might be important to clients. These are called the Execution Factors:

- a. Price – the market price at which the order is executed;
- b. Cost – any additional charges that may be incurred in executing the order in a particular way over and above BPI’s normal charges;
- c. Speed of execution – this can be particularly important in fast moving markets;
- d. Likelihood of execution and settlement – the best price is of little use if BPI cannot execute at it or if the transaction fails to complete;
- e. Size, Nature and any other considerations of the transaction – the way that BPI executes an unusual order (for example, one that is larger than the normal market size or has unusual features such as an extended or shortened settlement period) may differ from the way it executes a standard order;
- f. Market Impact – the effect that executing a client’s order, or showing it to other market participants, might have upon the market; and
- g. Other factors relevant to particular order types – as applicable.

#### 3.2 Execution Criteria

The relative importance that BPI attaches to the Execution Factors in any particular case may be affected by the circumstances of the order. These are called the Execution Criteria.

- a. Client Characteristics – professional clients may have different needs to retail clients;
- b. Transaction Characteristics – such as the potential for it to have an impact on the market;
- c. Financial Instrument Characteristics – such as liquidity and whether there is a recognized centralized market;
- d. Venue Characteristics – particular features of the liquidity sources available to BPI; and
- e. Other relevant circumstances – as applicable.



### 3.3 Execution Venues

When executing your transactions or when placing your orders with (or transmitting your orders to) other entities (including affiliates) to execute, BPI will take all sufficient steps in order to obtain on a consistent basis the best possible result. Typically, BPI may use one or more of the following venue types when executing your order:

Venues used might include:

- a. Regulated Markets (RM)
- b. Other brokers, dealers and market makers

BPI reviews the execution venues to help ensure that we are taking all sufficient steps to deliver the best possible result for our clients.

### 3.4 Application of Best Execution

BPI ensures that comparable orders are processed and executed according to its time of receipt, where preference will be given on sequential basis. BPI considers comparable orders to be orders of the same instrument in standard lots / sizes.

On best effort basis, BPI will act in accordance with this Policy, but does not guarantee that the best possible price will be obtained in all circumstances. There may be occasions when BPI changes the priorities given to the execution factors and executions criteria outlined in 3.1 and 3.2, where we deem that execution may not lead to the best possible result as well as our overall obligations in respect of our obligations to take necessary steps to keep an orderly market. The relative ranking of the different execution factors can therefore be dependent upon, for example, the nature of the asset class traded, the liquidity of the relevant market and the time of the trade, whether there has been severe market disruption or a system outage. This ranking reflects the nuances and differences between markets and exchanges, notably when looking at trading on exchange versus OTC products.

### 3.5 Total Consideration

When BPI executes orders on behalf of clients, Best Execution is determined based on the total consideration paid to or by the client, unless the objective of execution of the order dictates otherwise. Total consideration is the price of the financial instrument and the costs related to execution, including all expenses incurred by the client which are directly related to the execution of the order such as venue execution fees, clearing and settlement fees and any other fees paid to third parties involved in the execution of the order. When assessing whether Best Execution has been achieved, BPI does not take account of its standard charges that will be paid by the client irrespective of how the order is executed.



#### **4. TRANSACTIONS WHERE BEST EXECUTION HAS LIMITED SCOPE**

##### **4.1 Specific Instructions**

Clients may ask BPI to execute their orders in accordance with specific instructions, either generally or on a case by case basis. To the extent that BPI is able to accommodate such requests, it will do so.

However:

- a. Where the specific instructions will result in higher costs, BPI may reflect those additional costs in its charges to the client. In this case, BPI will notify the client of its revised charges before accepting the order(s).
- b. Where the specific instructions conflict with its normal processes, BPI will give the specific instructions precedence. This may result in a different outcome for the transaction.
- c. Where there is no conflict, BPI will continue to follow its normal execution Policy.

##### **4.2 Event of Client Default or other liquidation event**

In an Event of Client Default (e.g. due to insufficient margin) or other liquidation event, BPI shall seek to immediately terminate, cancel and close-out all or part of any outstanding positions. BPI retains discretion as to how to handle close-outs, including with respect to order execution, fill quantity, aggregation, priority and pricing.

#### **5. EXECUTION OF CLIENT ORDERS**

When executing those Client Orders to which best execution applies, BPI will take the following execution factors into account:

- a. price;
- b. cost;
- c. speed;
- d. likelihood of execution and settlement;
- e. size; and
- f. nature or any other consideration relevant to the execution of an order.

Whilst we have provided these in order of relative priority in the sections below, a variety of criteria will be taken into account in assessing the prioritisation of execution factors, including appropriate consideration on a transaction by transaction basis. Criteria for consideration include the characteristics of each individual order such as client preferences, market conditions, when the order is received and the size of order. Generally, the most important execution factor for our clients will be the price the relevant financial instrument is executed at. However, as set out below, in more illiquid markets, the primary execution factors may vary, such as likelihood of execution becoming more significant.



Due to the potential levels of volatility in the Exchange-Traded Derivatives market that may affect both price and volume, we will seek to provide you with the fastest execution reasonably possible, although delays may occur.

As a general indication, the execution factors are likely to be considered as follows, although these will be assessed on a case by case basis and subject to any Specific Instructions.

## **6. EXECUTION VENUES**

The summary of the Execution Venues that are used by BPI, either as a member, via an affiliate or through other third party brokers for transacting Exchange-Traded Derivatives are listed below. These Execution Venues will be reviewed at least annually.

### List of Exchanges

Bursa Malaysia Bhd  
CBOT (Chicago Board of Trade)  
CFE (CBOE Futures Exchange)  
CME (Chicago Mercantile Exchange)  
NYMEX (New York Mercantile Exchange)  
COMEX (Commodities Exchange)  
EEX (European Energy Exchange)  
EUREX  
HKEx (Hong Kong Stock & Futures Exchange)  
SGX (Singapore Derivatives Exchange)  
ICE Futures Europe  
ICE Futures US  
TOCOM (Tokyo Commodities Exchange)  
LME (London Metal Exchange)