Equity Capital Solutions Limited

Member of the Nigerian Stock Exchange and Participating Institution of the NASD OTC Securities Exchange

BEST EXECUTION POLICY

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(Execution of Trades Policies on the Nigerian Exchange Trading Platform and the NASD-OTC Exchange)

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INTRODUCTION

a. SCOPE AND OBJECTIVES

The aim of this document is to set out the approach taken by Equity Capital Solutions Limited (ECSL) for Order Management and Best Execution in relation to equities and other financial instruments.

It is applicable to all employees of ECSL and Stakeholders and is in line with the firm's regulatory obligation under Section 103 of the Investment and Securities Act, 2007 and Rules 15.19, 15.23 & 15.37 of The Rules of Trading License Holders of the Nigerian Exchange as well as the rules of capital market trade points, e.g. the NASD Plc ("NASD") and FMDQ OTC ("FMDQ") etc.

b. BEST EXECUTION PRINCIPLE

ECSL operates a best execution policy for the execution of transactions across all Exchanges. In this regard, ECSL will take all reasonable steps to seek and obtain, when executing orders on behalf of clients or decision to deal, the best possible results for its clients taking into account the criteria and factors set out in this policy.

In exercising best execution ECSL will take the following factors into consideration as appropriate and in the context of the client's order:

1. *Time of order receipt*
2. *Price*
3. *Cost*
4. *Speed*
5. *Likelihood of execution & Settlement*
6. *Order size*
7. *Nature of the order (including the market on which it is executed)*
8. *Market liquidity*
9. *Price improvement*
10. *Market impact*
11. *Any other consideration that is relevant to the execution of the order.*

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

i. *Characteristics of the client including whether they are retail or institutional;*
ii. *Characteristics of the client's order e.g. whether it is a market, limit or other type of order;*
iii. *Characteristics of the execution venues on which the order can be executed.*
iv. *Consideration of execution factors will vary dependent on the order type for example an order to trade in an illiquid stock will require ECSL 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 OF ORDER

A. Order Routine Flow

i. Trades are normally executed inside official market trading hours, as designated by the relevant exchanges, on business days (Monday to Friday). Traders are not permitted to trade out of hours and the FIX engine of the Nigeria Exchange is not active outside market hours;

ii. All trades executed are transacted primarily on an agency basis;

iii. All trades are executed on the official platforms of the relevant exchange;

iv. Orders are received from clients via e-mail, SMS, 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;

v. 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, our 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, our trader will 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.

vi. 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.*

vii. Other characteristics which may be necessary in executing the order such as client categorization, order details like Fill/Kill, All or none, good till month (GTM) etc. and the characteristics of the security e.g. liquidity or volatility.

B. Executing Trade Orders

i. ECSL 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 close of Business(COB).

ii. The Traders/Sales staff must input mandates to the system on a "FIFO" (FIRST IN FIRST OUT) basis.

iii. 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.

iv. The Trader will not maintain discrepancy trading accounts or accept orders of this nature from its clients.

v. 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.

vi. Where ECSL 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. Our Trader will keep and comply with all allocation methodologies including as advised by the Nigerian 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.

C. Allocation

i. Where orders are aggregated, ECSL will consider the timing of receipt of orders when allocating executed trades to clients.

ii. Where mandates are aggregated and partially filled, clients will be allocated executions based on the ratio of their received mandates.

iii. Clients' orders and that of ECSL will not be aggregated or treated on an allocation basis.

iv. In respect to Market Orders and Limit Orders, the Firm will not withdraw or withhold client orders for its convenience or any other person.

C1 Order Allocation procedure for aggregated orders

i. Allocation of completely filled order

a) *Where an aggregated order is filled completely i.e. the firm is able to buy the exact quantity desired e.g. the total of the order is 20,000 units and the firm is able to get this, then each client must be allocated the exact amount they requested. An example is provided below:*

b) *Clients A, B and C have requested 5,000, 10, 0000 and 15,000 respectively of security X i.e. a total of 30,000 and the firm is able to buy 30,000, each client must be allocated the exact amount they requested.*

ii. Allocation of part filled aggregated order

a) *Where an aggregated order is part filled i.e. the firm is not able to buy all the quantity required, the firm must have a clear and documented procedure for allocating the order in a fair manner to all the affected clients without favouring one client over another. Please see the example below for guidance:*

A Broker Dealer [BD] looking to purchase different quantities of the same security [company AB] for three of his clients [client X, Y & Z], has aggregated the three orders [*Client X needs 20,000 shares, Client Y 30,000 shares and Client Z– 50,000 shares*] into a single order of 100,000 shares to the trader.

If our trader is only able to buy 80,000 shares, the trader will then need to inform the Firm of the market availability of company AB securities in the market and the Firm will need to then carry out a pro rata allocation analysis based on the initial ratio of the aggregated order as detailed below.

Since Client X needed 20,000 of the total 100,000 shares, their original allocation was [20,000/100,000 x

100%] 20% of the total initial order, whilst client Y [30,000/100,000 x 100%] had a 30% allocation of the total order and Client Z [50,000/100,000 x 100%] 50 % of the total initial order. ECSL would then need to allocate the 80,000 share available in the market based on these ratios i.e. Client X will get 20% of 80,000 shares [16,000 share]; client B 30% of 80,000 shares [24,000] and client C 50% of 80,000 shares [40,000].

This process must be documented and any variation from the ratios of the initial allocation must be documented.

C2. Potential conflicts of interest

No single account may be systematically favoured over another in the allocation of trade orders. Similarly, accounts are to be treated in a non-preferential manner, such that allocations are not based upon the client's account size and/or identity, account performance, fee structure, or the portfolio manager.

C3. Determining the initial Allocation prior to Trade Execution (Pre-trade allocation)

Initial mandate must be determined prior to executing the trade, clearly indicating the participating client's accounts and allocations for each account.

C4. Determining the appropriate Allocation

Pro-Rata Allocation assures fair and equitable treatment. Trades should be allocated on a pro rata basis based on the size of the pending order, however, there are various judgmental and other factors as described below which may support non-pro rata allocations

C6. Non Pro-Rata allocations

Certain factors may affect ECSL's decision to allocate on a pro rata basis. Factors such as, the need to sell out an account's entire position before selling out other client's position due to the client's cash flow, exposure to the security/sector, cash flow (accounts liquidity needs, availability of cash) may form the basis of a non-pro rata allocation. In these situations, the Portfolio Manager must use reasonable fiduciary judgments in making a non-pro rata allocation that is in the best interest of all the affected clients. This should also be fully documented to demonstrate the rationale behind the decision and subsequent allocation.

C7 Filling orders according to initial allocation (Post Trade Allocation)

All orders must be filled in line with the initial mandate as set out in c6 above. If the entire order is filled, then every client should have their entire order size met. If the order is partially filled, the executed trade should be allocated pro rata among the clients in the same proportions as the initial order size. Any deviation or reallocation of share from the initial allocation is permitted for up to two hours and thirty minutes (2.30Hrs) from when the trade was executed, however this needs to be fully documented, clearly citing the circumstance and rationale for the deviation.

C8 IPO offerings allocation (New Issues)

The firm maintains a strict policy on ensuring fair and equitable treatment of all clients when purchasing and allocating new issues. For all new issues, the Portfolio Manager will take into account, the necessary factors:

i. Such as the clients investment objectives, investment guidelines (any advance indications of client interest for new issues), and the risk profile of the client, the security itself and the size of the order. ECSL will have the responsibility for ensuring that, no special arrangement or any inducement scheme exists where the firm agrees to trade more with an executing agent as a result of a greater allotment of a new issue from a book runner.

ii. *ECSL Traders looking to subscribe to the new issue must have a written record indicating the requested volume. Pre trading allocation must also be completed, as above, on a pro rata basis with consideration for the size of the client's account, adjustment for rounding lots, the mandate type, permissibility of the new issue for the client and cash availability. After filling the order, ECSL must record on the trade ticket the actual new issue allocation made to each client/strategy. The rationale for any allocation decisions other than strictly pro rata and adjustment for round lots must be clearly documented and provided on request to the Compliance Department.*

C9 Cross Trades

Where ECSL has two clients with opposite needs in the same security and it is in the interest of both clients to transact with each other instead of both going to the market, the ECSL/Trader may cross the trade at the agreed price of the security. However, the Portfolio Manager must ensure that this is not done to the advantage or detriment of either party participating in the cross. The rationale for Crossing should be fully documented and supported with relevant additional information i.e. evidence of Bid/Ask offer obtained from the market, which sufficiently allows compliance have clear oversight of the process

D. Settlement

Trade settlement is performed on a T + 3 basis across all markets. However in bond trading, the trade settlement is performed on a T + 2 basis.

E. Information Dissemination (The Role of ECSL)

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

F. Audit Trail Requirements

I. The Risk Management and Compliance Unit will perform order tracking and monitoring on a daily basis.

II. 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.