

**NOVAMBL
SECURITIES
LIMITED**

SEPTEMBER 2021

**BEST
EXECUTION
POLICY**

Document History

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Policy	Responsibility			
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1. INTRODUCTION

This document sets out the Best Execution Policy ("Policy") and approach to providing Best Execution, as required by the Rulebook of the Nigerian Exchange Group (Rules on order handling and best execution).

NOVAMBL Securities Limited ("Firm") has a fiduciary obligation to take all reasonable steps to obtain the best possible result for its clients, taking into account price, costs, speed, likelihood of execution and settlement, size, nature and / or any other relevant order execution considerations, where NOVAMBL Securities Limited is executing orders on behalf of clients. The requirement to obtain the best possible result for clients is referred to, in this document, as our obligation of best execution.

2. SCOPE OF THE POLICY

NOVAMBL Securities Limited owes a duty of best execution when it "executes orders on your behalf". It will be executing orders on your behalf where you legitimately rely on it to protect your interests in relation to the pricing or other aspects of the transaction that may be affected by the choices made by NOVAMBL Securities Limited when executing the order. For example, this will be the case when NOVAMBL Securities Limited:

- a. Executes an order by dealing as agent.
- b. Executes an order by dealing as riskless principal on behalf of a client.
- c. Executes an order on a client's behalf.

As such, NOVAMBL Securities Limited will not be "executing orders on its client's behalf" where it's approached for a 'request for quote'.

Where the client provides the Firm with a specific instruction in relation to their entire order or any particular aspect of your order, the Firm will execute the order in accordance with the client's instructions. However, please note that where you provide NOVAMBL Securities Limited with a specific instruction, this may prevent the Firm from following some or all of the steps that are designed to obtain the best possible execution. In following the client's instructions, the Firm will be deemed to have taken all reasonable steps to provide the best possible result in respect of the order or aspect of the order covered by your specific instructions.

3. BEST EXECUTION OBLIGATION

Whenever NOVAMBL Securities Limited executes, places or transmits orders for its clients, it will take all reasonable steps to obtain the best possible results, taking into consideration execution criteria, in addition to any other relevant matters. The Firm will use its judgment, experience and any information available at the time to determine the relative importance of the relevant execution criteria and factors.

Execution criteria considered include, but without limitation:

- The characteristics of the client, including the categorization of the client as retail or institutional.
- The characteristics of the client order i.e. Good Till Month (GTM), Day Order, Good Till Open (GTO), Fill or Kill (FOK), All or None.
- The characteristics of securities that are the subject of that order, including expected return, risk, liquidity, and volatility

4. THE TREATMENT OF CLIENT ORDERS

NOVAMBL Securities Limited operates on the principle of First In First Out ("FIFO") i.e. trade orders are processed on a "first come first served" basis.

4.1. Trades are normally executed within the official market trading hours between 9.30am and 14.30pm, Monday to Friday. However, mandates will not be treated beyond 2.00pm on a business day.

4.2. All trades shall be conducted for customers with complete KYC, in line with the Firms Policy.

4.3. Client orders can be taken via email, duly signed mandate and/or telephone. In certain instances, the client may physically execute a mandate form.

4.4. In order to verify and confirm the authenticity of a client's mandate, NOVAMBL Securities Limited shall revert to the personal information and other KYC documentation provided by the client at the point of opening the account.

4.5. The verification process stated in clause 4.3 does not apply to walk-in clients that physically execute their mandates.

4.6. NOVAMBL Securities Limited shall issue Contract Notes to clients upon the execution of an order. Clients are at liberty to request for their Statement of Account in addition to their Contract Notes.

4.7. In addition to the foregoing, we perform the following during the pre and post order execution:

S/N	Item	Description
Pre-Trade		
i.	Client Authentication	We authenticate clients trading via automated trading mediums. To be conducted by the customer service team in conjunction with the Relationship Manager.
ii.	Account Verification	We validate trade instructions against client account to ensure funds and stock availability.
iii.	Compliance Checks	We verify trade instructions against client predefined policies to ensure that the Broker's action does not contravene client's intentions and that client's account is sufficiently funded prior to undertaking trades. We also keep a full audit trail of all events relating to any transaction undertaken.
iv.	Execution Time	We execute client instructions within reasonable pre-defined limits based on submission/instruction mechanism. Current target of 20 minutes to execute clients' mandates.
v.	Real Time Market Data Feed	We have the capacity to receive real-time trade feed from the Nigerian Exchange Group via an automated means.
vi.	Real Time Inventory Management	We perform (Mark-to-Market) accounting calculation that tracks the value of an asset based on the market value of the assets in real time.
vii.	Corporate Action Management	We have the capacity to manage Corporate Actions in real time.

viii.	Auto-Quote Submission and updating	We can handle auto quote mechanisms together with any underlying risk management calculations.
ix.	Auto Stop Trading at Predefined limits	We can auto stop order placements and trading at pre-defined volume / value of execution based on time.
Post- Trade		
x.	Compliance & Internal control Checks	We check trades against client account to prevent overtrading.
xi.	Automated Trade Detail Enrichment	We enrich trades and auto produces accurate contract notes.
xii.	Back Office Integration	We have the capability to auto notify and provide clients with electronic access to the portfolio and any transactions undertaken on their account via PC, tablet and smartphone interfaces.
xiii.	Automation of Contract notes	We have an automated contract note dissemination system.

5. NOVAMBL SECURITIES LIMITED'S ORDER EXECUTION POLICY

5.1 ORDER:

NOVAMBL Securities Limited owes a duty of best execution on clients' orders, as the orders give rise to contractual or agency obligations owed by us to the client. We exercise our discretion in relation to the execution of client orders.

5.1.1 Application: Customers are to provide essential information on their orders, by sending in their mandates or by filling our customer order form. These orders are for their shares or other financial instruments that are treated in the same manner as shares such as; listed structured products, ETN (exchange traded notes), certificates of shares, Federal Government Savings Bond, etc.

5.2 CLIENTS' ORDER HANDLING

NOVAMBL Securities Limited will endeavour to execute orders in an expeditious, fair and ethical manner for all clients by adhering to the following principles:

- Every authorized trader of NOVAMBL Securities Limited must obtain written confirmation (or accept orders in line with the method which may include but is not limited to Bloomberg chat, telephone, email, Order Management System (OMS) as agreed in the executed Service Level Agreement (SLA)) of orders from clients before placement of an order on the system and must keep records of same upon completion or otherwise.

- Every trader of NOVAMBL Securities Limited shall be solely responsible for the accuracy of orders entered into the trading system.
- No authorized trader of NOVAMBL Securities Limited shall transact with another Dealing Member whose membership rights have been suspended except as approved by the Exchange.
- No authorized trader of NOVAMBL Securities Limited shall participate in any dealings or practices that may mislead or deceive investors or artificially control the price of the securities or the market in general.
- No authorized trader of NOVAMBL Securities Limited shall alone or with others enter orders in the trading system with the purpose of creating a misleading or a false appearance of the trading volume or liquidity of any security.
- No authorized trader of NOVAMBL Securities Limited shall enter orders with the purpose of fictitiously affecting the market condition or the prices without any real ownership transfer.
- No authorized trader of NOVAMBL Securities Limited shall alone or with others, make fictitious transactions that may cause the price of a security to rise, fall, or remain steady.
- No authorized trader of NOVAMBL Securities Limited shall directly or indirectly carry out or depend on actions or practices that are misleading or meant to deceive or take advantage of clients or anybody else.
- Front running or trading ahead of clients' orders is strictly prohibited.
- No authorized trader of NOVAMBL Securities Limited shall participate in any insider dealing in relation to any securities traded on The Exchange or knowingly assist any Member or any other person to participate in any such insider dealing.
- No Authorized Trader of NOVAMBL Securities Limited shall do or cause to be done any act, matter or thing, which would adversely affect the goodwill or public image of NOVAMBL Securities Limited, the Exchange or its Members.
- Every authorized trader of NOVAMBL Securities Limited shall at all times act in the best interest of the Firm's clients.
- Authorized traders of NOVAMBL Securities Limited are prohibited from conducting the following:
 - ✓ Using or borrowing a client's physical accounts without a contract or their written authorization, and funds may only be placed with RMBN or another designated bank.
 - ✓ Giving preference to one client over another including the assignment of more favourable transactions thereto without regard to the priority in which the executions were made and or orders were submitted.
 - ✓ Establishing fictitious accounts to execute some transactions.

- ✓ Providing incomplete, inaccurate or misleading information to a client.
- ✓ Giving recommendations or information to clients leading to excessive transactions on a client's account for personal interest or to obtain commissions.
- ✓ Making recommendations to a client with the purpose of taking another client out of a position or to exit a proprietary position.
- ✓ Disclosing client's information or acting in a way that would create financial loss or distrust between the client and the firm.

5.3 CLIENTS' REQUEST FOR QUOTE ("RFQ")

Clients Request for Quote ("RFQ") takes place when a client requests a quote from the Organisation, and then chooses to execute the trade at the price quoted or reject the price and decline to trade. Trades will only be consummated once the client gives a detailed mandate, stating the upper and lower price limit for the trade to be executed.

5.4 EXECUTION VENUES

Domestic equity order execution will be channelled to a single trading centre in the regulated market of the Nigerian Stock Exchange, of which the Organisation is a member, and we shall assume that best execution has been provided.

This policy, limits venue with whom or within which the Organisation will generally give price a higher relative importance when obtaining the best possible result for orders executed on client's behalf.

The Organisation shall also take into consideration a range of different factors, including the need for timely execution, availability of price improvement, the liquidity of the market (which may make it difficult to execute an order), potential price impact, the size of the order, the nature of the financial transaction (including whether or not such transactions are executable on a regulated market, over-the-counter, or via either route) and the quality and cost effectiveness of any related clearing and settlement facilities.

The Organisation shall transact orders to those markets that are regulated by the Securities and Exchange Commission, SEC.

5.5 CROSSING SHARES/STOCKS

Our traders generally refrain from crossing stock between clients owing to the potential conflict of interest which this involves. On the rare occasions that crossing is in the interests of both parties; is permitted and the trade meets best execution requirements for both clients, the cross would be executed in a timely manner.

The Crossing of shares occurs when where a buy and sell order for the same asset occurs. It is the pairing off of two offsetting customer's orders by the same floor broker. In the event of this occurrence, the Organisations floor broker executing the cross, will leverage the use of the NSE X-Gen platform for better pricing. For example, if a floor broker has 1000 shares of ABC to buy for customer X and another 1000 shares of ABC to sell for customer Y, the floor broker shall leverage on the use of the NSE X-Gen platform.

5.6 EXECUTION FACTORS

The Organisation, when executing trades or transmitting orders for execution, shall take into account various execution factors whilst taking all reasonable steps to obtain the best possible result.

Whilst it is acknowledged that the market for different asset classes may put stress on different aspects of transactions, the list below contains overall those execution factors which the Organisation considers and takes into account in its analysis of whether it, its execution venues are delivering best execution.

Within this context, the Organisation views best execution holistically, taking account of both quantitative and qualitative factors. In addition, the Organisation will routinely consider the available execution venues as part of the order execution process. The Organisation will determine the relative importance of the execution factors by using its industry experience, expertise, and judgment in light of available market information with the prime aim of prompt, fair and expeditious execution of trades. This applies to all types of financial instrument we deal in.

In the absence of specific instructions from the clients, the Organisation shall consider the following factors to determine the manner in which clients' order will be executed:

- Price
- The current liquidity for the relevant instrument
- The size and nature of the order
- Volume available in the market
- Market impact of the transaction
- The quality of order execution
- Execution capability
- Financial status, responsibility, and solvency of the counter party
- Responsiveness of the broker or venue
- The quality and efficiency of the settlement process post execution

Others are:

- Speed of execution
- Likelihood of execution or settlement

The Organisation will determine the relative importance of each factor using the following criteria:

- The clients' characteristics
- The characteristics and nature of clients' order, including whether any specific instructions are given
- The characteristics of the financial instruments that are the subject of the order
- The characteristics of the execution venues to which clients order can be directed

Ordinarily, price will merit a high relative importance in obtaining the best possible result for clients. In our experience, the next most important factor after price is typically liquidity of the market. The Organisation will generally give price a higher relative importance when obtaining the best possible result for orders executed on client's behalf.

6. SETTLEMENT

In NovaMBL Securities Limited, Trade settlement is performed on a T + 3 basis.

7. MONITORING AND REVIEW OF NOVAMBL SECURITIES LIMITED EXECUTION POLICY

At on boarding, the customer fills and signs the account opening document, which contains the Best Execution Policy clause in the terms and conditions page.

The Organisation is mandated to execute the best execution policy for all its customers. The policy execution will be monitored by Compliance, using a Best Execution Tracker (refer to Appendix I), and will review this execution policy and its order execution arrangements every three years (3 years), as well as whenever a material change occurs that affects its ability to continue to obtain the best possible result for the execution of orders on a consistent basis.

If there is a material change in the Organisation's execution arrangements, customers will be notified.

8. RESPONSIBILITIES AND EXECUTION CRITERIA IN NOVAMBL SECURITIES LIMITED

Responsibility for day- to- day fulfilment of best execution lies with the executor of the trade, whether this is the "chief dealer" directly or any of his dealing subordinates.

It is the Organisation's policy that all asset classes, follow the general Organisation best execution policy, using the tailored order execution procedures based on market characteristics of the subject asset class.

The execution criteria that are taken into account include execution factors, client, order, instrument type (or asset class) and available execution venues. The Organisation will monitor compliance of its best execution policy in a manner appropriate to each asset class.

8.1 Roles and Responsibilities

8.1.1 The Board of Directors

The role of the Board of Directors include:

- Has ultimate responsibility for this Policy. Hence it supervises the implementation of the policy through its committees
- Adopts and approves the Policy
- Familiarizes itself and adheres to the Policy as it relates to Directors.
- Institute and maintain measures and controls to ensure adherence to this Policy.
- Initiate any disciplinary action required for any breach of this Policy by a Director.

8.1.2 Board Risk Management and Audit Committee

The Board through its committees is the highest approval body in NOVAMBL SECURITIES LIMITED and has the overall responsibility for the implementation of the Best Execution Policy of the Organisation.

The Board Risk Management and Audit Committee shall be responsible for:

- Articulating, approve and review periodically, the Best Execution Policy of the Organisation.
- Ensure proper systems and procedures are in place for execution of the policy.
- Review compliance reports on best execution tracker.

8.1.3 Managing Director

The role of the Managing Director include:

- Supervisory role in the best execution process. Attends to all possible issues that may arise or are escalated.
- Makes recommendations to the board on the improvement of the best execution policy/procedures.
- Review systems, practices, and procedures in place for best execution.
- Ensure the implementation of the policy through review of reports on the policy

8.1.4 Heads of Departments/Line Managers

The Heads of Departments/Line Managers is responsible for:

- Adhering to the Best Execution Policy.
- Ensure that all employees comply with the Policy.
- Deal with breaches to the policy and procedures.

8.1.5 Compliance Unit

The Compliance Officer is responsible for:

- Developing, reviewing and maintaining the NOVAMBL SECURITIES LIMITED's Best Execution policy.
- Communicating the policies to all staff within NOVAMBL SECURITIES LIMITED.
- Conduct training and awareness to all staff, on the policy.

- Monitor adherence to this Policy with the aid of a tracker.
- Report any irregularities to the MD.
- Attend to enquiries from employees, line managers and HODs.
- Investigate and identify potential breach of the policy.

8.1.6 Employee

The Employee is responsible for:

- Adhering to the Policy.
- Disclose of all actual or potential issues that may lead to breach of the policy
- Ensure customers mandates are treated at the earliest possible time.
- Act professionally and objectively towards clients.
- Complete all relevant policy trainings.
- Make enquiries relating to the policy to Compliance.

9. REVIEW OF THE POLICY

This Policy will be reviewed on a needs basis or at minimum every three years.

**APPENDIX 1
BEST EXECUTION TRACKER**

SN	House	Date	Client name	Client Type	Date Mandate was Received	Time Mandate was Received	Time Mandate/Account Number Confirmation Request was sent/Received from Custodian	Trade Type	Security	Units	Price	Settlement value	Settlement date	Comment
1														
2														

