



# **PARTHIAN SECURITIES LIMITED**

## **Best Execution Policy**



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## 2.0 DEFINITION OF TERMS

**Market orders:** is an order to buy or sell a security at the prevailing market price. This type of order guarantees that the order will be executed but does not guarantee the execution price and time.

**Limit orders:** A limit order is an order to buy or sell a security at a specific price or better. A buy limit order can only be executed at the limit price or lower, and a sell limit order can only be executed at the limit price or higher.

**Exchange Traded Funds:** An exchange traded fund (ETF) is a type of security that tracks an index, sector, commodity, or other asset, but which can be purchased or sold on a stock exchange the same as a regular stock.

**Nigerian Stock Exchange (NSE):** is a bourse that allows the stockbrokers to buy and sell securities, such as shares of stocks, bonds, and other financial instruments. The NSE is responsible for the regulation of all capital market participants.

## 3.0 BEST EXECUTION POLICY

### 3.1 Scope and purpose of Best Execution Policy

The purpose of this document is to serve as a guide to the employees of Parthian Securities Limited on the Order management and Best Execution policy of the firm in relation to handling client's orders on all Exchanges through which PSL is licensed to trade for clients such as the Nigerian Stock Exchange (NSE), FMDQ Securities Exchange, NASD OTC and any other Exchange that PSL chooses to participate in the future.

This policy applies to Clients of Parthian Securities Limited ("PSL") as such term is defined by the rules of the Nigerian Stock Exchange for the following range of asset classes: Equities, Fixed Income and Related Instruments and any such other products to be developed in the future.

### 3.2 Best Execution Practices

- All employees of PSL Limited are required to treat all orders in a fairly, orderly and timely manner whilst exercising reasonable judgment from the point of receiving mandate through the acceptable channels such as Emails, Letters, Bloomberg chat, I-invest etc to the time when client receives update on orders.



- The Authorized traders of PSL must make sure reasonable steps are taken in the execution of mandates to ensure clients are satisfied with executed trades.
- PSL shall act with integrity competence, diligence, and with respect in an ethical manner to all clients and prospective clients.
- In ensuring best execution, PSL must ensure the following factors are considered when executing client orders;
  - 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.

However, the importance of these factors shall be subject to the following criteria.

- Types of client involved. E.g. Institutional, retail, HNI's or foreign investors.
- Characteristics of Order type. E.g. Market order, limit order.
- Type of financial instrument; Fixed income, Equities, ETFs.
- Exchanges through which mandate can be executed.

Ordinarily, price, speed of execution and likelihood of execution together will merit high relative importance in obtaining best execution, but this will be tempered, for example, where the size of the trade is large compared to the liquidity of the instrument in question, or where speed of execution becomes important for investment due to nature and size of order or client cash flow requirements.

NB: It is important to note that all orders are executed on a First In First Out (FIFO) basis and where orders from different clients are received before market opens, orders are batched and executed once trading session resumes.

- Where client gives specific instructions on how mandate should be executed, PSL Limited is responsible to execute orders according to client's instructions.
- PSL is required to update clients on the order received within a reasonable period especially in cases where instruction is deemed not feasible.



## 4.0 EXECUTION

### 4.1 Order management handling

- Mandates are to be received through Emails, Letters, Bloomberg chat. However, in the case of instruction given via phone calls, the relationship manager must send a confirmation mail to client before COB on the same day.
- All orders are executed during the official opening hours of the exchange. For NSE, between 10:00am to 2:30pm and FMDQ, between 9am to 2pm. Any mandate received after trading hours shall be executed the following trading day.
- Clients must specify in the mandate the type of order sent.
  - i. Market orders: PSL will work this type of order in line with the market, adopting best execution practice and understanding of client's goal. The trader is expected to beat or at least achieve market average price (VWAP) as a benchmark when this type of order is received.
  - ii. Limit orders: The trader is required to execute orders in line with the instruction received from clients.
- A typical order received from client must include the following details;
  - i. Order type: Buy / Sell.
  - ii. Volume
  - iii. Price limit/market order
  - iv. Expiration date
- PSL is responsible to execute orders at best market price where no price limit is stated.
- Where expiration date is not explicitly stated, mandate will be treated as a day order.
- 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.

For certain transactions it may not always be possible or appropriate to request comparable price information from brokers. Approaching multiple venues or counterparties for a competing quote is likely to have a negative effect on a transaction because of possible information leakage. Therefore, PSL's traders will make use of mandates from Clients and available market data on counterparties' ability to trade the instrument in question at the most advantageous price.



#### **4.2 Trade Order Execution**

- PSL is responsible for executing all orders according to the instruction received from clients. Altering or doctoring of client instruction will be deemed as unlawful and such act is prohibited. Authorized Traders of PSL are to receive express permission from authorized persons, where client's instruction is considered to be unachievable.
- PSL is prohibited from maintaining any fictitious account with the sole aim of disrupting or manipulating the market.
- All authorized traders of PSL shall always act in the best interest of clients and the capital market.
- All trades are to be executed on a first in first out basis.
- All Authorized trader of PSL shall be responsible for the accuracy of all orders inputted in the trading terminal.
- Regulatory approval must be sought from Securities and Exchange Commission or exchanges or relevant parties before block trades are finalized and executed in the market.
- Front running or any other types of market malpractices are highly condemned. To avoid front running, PSL shall maintain a firewall between its proprietary desk and the desk for client's execution.
- No authorized trader 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 transactions.
- PSL shall maintain confidentiality and keep clients records from the public except disclosure is permitted by client and court of law.
- No authorized dealer of PSL shall engage in any professional misconduct involving dishonesty, fraud and any act that reflects negatively on the firm and the capital market.
- No authorized trader shall give preference to one client over another in respect to trade execution priority or allocation of shares.

#### **5.0 ORDER ALLOCATION**

- Where aggregation of different clients' order is deemed to be appropriate in a particular scenario, PSL shall aggregate orders from different clients (After express permission has been received from clients involved) and allocate orders to the advantage of all parties involved.



- PSL is required to consider the timing of receipts when allocating shares or any other financial instrument and shall allocate on a pro-rata basis when orders are partially executed.

## **6.0 CROSS TRADES**

Where there are two or more clients with opposing needs (Either buy or sell) in the same security, the trader shall inform and seek consent from clients to cross the shares from one party to another after price and quantity has been agreed. However, the authorized trader must ensure that this is not done to the advantage or detriment of either parties involved. The compliance officer must ensure all documentations of cross trade are intact.

## **7.0 SETTLEMENT**

All trades executed on the Nigerian Stock Exchange or any other exchanges shall settle at T+3 or any settlement day specified in the contract note or investment letter.

## **8.0 AUDIT TRAIL REQUIREMENTS**

- Risk management and compliance department must track and ensure all trades are properly documented and ensure strict compliance to all the policies.
- All authorized Traders of PSL shall ensure proper records and retention of audit trail of an order on a daily basis.
- The Order management system shall keep records of all executed, cancelled and modified orders through the entire life cycle of an order.

## **9.0 ASSESSMENT**

We look to minimize the impact of our trades on the market and keep trading costs low for equities. We monitor trade prices against the average trading price for the day to determine if best execution has been achieved. We may also use a number of post trade analytical tools to monitor the costs of individual transactions where possible. In case of fixed income, an average price is derived from the FMDQ OTC.



## **10.0 REVIEW OF POLICY**

We will review our execution arrangements and policy at least annually, and additionally where there is a material change to our execution arrangements.