1. Document approval and review

This policy applies to MERISTEM STOCKBROKERS LIMITED ("The Firm" or "MSBL")

This document has been approved by

Name	Signature	Date approved

Revision history

	Date	Version	Description of changes made
1.			
2.			
3.			
4.			
5.			

The Policy shall be reviewed at least annually by Head, Compliance Unit to reflect new developments in the market and to ensure continued relevance to the operations of the Firm.

2. Purpose

This policy sets out the MERISTEM STOCKBROKERS LIMITED ("The Firm" or "MSBL") execution methodology and approach in respect of client order execution when taking all reasonable steps to obtain the best possible results in accordance with the requirements of the **Nigerian Stock Exchange** and **Securities and Exchange Commission** and best practices for its clients when executing or transmitting Client orders.

The Firm is also required to execute orders in a prompt, fair and expeditious manner, relative to other orders or the trading interest of the Firm. This policy will also address the Firm's approach with regard to aggregation and allocation of orders.

A summary version of this policy will be provided to each client of the Firm whether Retail or Institutional Client as a disclosure requirement.

3. Scope

This policy applies to all trades in financial instruments executed or placed by the Firm on the NSE, NASD, FMDQ or any other capital market trade point recognised and authorised by the Securities and Exchange Commission.

4. Best Execution

In general, the concept of best execution is the act of obtaining a combination of price and commission (if any) in a transaction that is most favourable to the client under prevailing market conditions.

When executing trades on behalf of clients, the traders have a duty to select brokers, dealers, or banks that will enable the Firm to obtain best execution for our clients and to comply with any applicable legal requirements. Consequently, the trader must, when executing trades, exercise due care, skill, reasonable judgement, and consideration for execution criteria (as detailed below) when handling client order.

4.1. Best Execution criteria

The Firm will consider the following factors in determining how to execute clients' orders, make decisions to deal or place orders with a counterparty to achieve the best possible result:

- Price of the Financial instrument which are offered by the executing entity or execution venue;
- The direct and indirect costs related to the execution of such Financial Instruments such as
    - ✓ All expenses incurred which are directly related to the execution of the order;
    - ✓ Execution venue fees;
    - ✓ Clearing and settlement fees; and
    - ✓ Any other fees paid to third parties involved in the execution of the order
- Speed (how quickly the order can be executed)

- likelihood of execution and settlement
- Size of the order relative to other trades in the same financial instrument
- Nature of the order (impact on the market); and
- Other relevant factors

The relative importance of these factors will be determined based on commercial experience and reasonable judgement in the light of available market information and considering the characteristics of the client, the order, the financial instruments that are the subject of the order, and the execution venues to which that order can be directed.

4.2. Specific Client Instructions

Where a client provides specific instructions as to execution, the order will be executed in accordance with those instructions. However, this may prevent the Firm from taking the steps designed and implemented in this policy to obtain the best possible results for the execution of those orders in respect of the elements covered by those instructions.

Where there is no specific client instruction as to how an order should be executed, this policy will be applied to obtain the best possible result for each order placed for execution in the market or executed by the Firm on behalf of our clients considering all available market information at the time of execution.

Traders must ensure that all confirmed client orders are entered appropriate order books immediately and continue to pursue the execution of the mandate to buy/sell within 10 business days or as detailed in the client's mandate. If after this period, the trade has not been executed, the trader should seek to revalidate the order from the client expect where expressly advised otherwise by the client in the initial order.

4.3. Execution Venue

Execution venue means a regulated market or any other trading facility that performs a similar function.

This Firm is a member of, and places significant reliance on the following venues when executing orders:

I. Nigerian Stock Exchange

II. National Securities Dealers Association (NASD)
III. Financial Market Dealers Quotation (FMDQ)

The Firm assesses the available execution venues to identify those that will enable us, on a consistent basis, to achieve the best possible result when executing or placing orders on behalf of our clients.

The factors listed in 4.1 are considered in the choice of execution venue and methodology for all financial instruments. In particular:

- Where we believe we can trade to the advantage of (or at no disadvantage to) the client in terms of one or more of price, speed of likelihood of execution impact, or any other relevant consideration, we will do so.
- When placing orders on a regulated market through an executing agent, orders will generally be executed on the execution venue assessed to be the most appropriate

This Firm selects its executing agent primarily based on their execution capabilities and after appropriate due diligence has been carried out. All relevant facts and circumstances concerning an executing agent are considered and include:

I. The terms of the Entity's execution policy, including costs and fees, where such a policy is available
II. The entity's methodology in ensuring best execution is attained
III. The commercial experience, judgement, and history of the Entity
IV. The entity's assessment and use of trading venues to enable the Entity, on a consistent basis, to achieve the best possible result when executing client orders
V. The approach of the entity to the aggregation of Client orders
VI. The entity's risk management practices

5. Order Handling

5.1. General principles

i. The Firm will provide for the prompt, fair and expeditious execution of order, relative to other orders of the trading interests of the Firm. This must allow for the execution of otherwise comparable orders in accordance with the time of their reception by the Firm

ii. When carrying out orders, all areas of the Business Areas must:
    a. Ensure that orders are executed as promptly as possible and subject to any client instructions.
    b. Ensure that executed orders are promptly and accurately recorded and allocated;
    c. Ensure all orders are received in writing, electronic trading platform or taken through recorded telephone lines from the client account holder only; and
    d. Carry out otherwise comparable orders sequentially and promptly unless the characteristics of the order or prevailing market conditions make this impractical, or the interests of the client require otherwise.

iii. Order received through multiple and different media will be handled as practically possible with the aim for sequential treatment wherever possible.

iv. The Firm will not trade on its own account ahead of a client order, unless the Firm immediately executes the customer order at the same or better price than it traded for its own account.

v. The Firm will not aggregate a client order with a trade for our own account (Proprietary trade)

5.2. Equities, Fixed Income, and related securities

Achieving best execution for Fixed Income and related securities will depend on the transaction strategy type being entered. The standard method for establishing the market level is to request three market prices for each asset. If possible at least two of these prices should be executable and the third may be a reference. All prices obtained are recorded on a trade sheet regardless of whether it was obtained by telephone or electronic trading (i.e. trade system). The trade will then be concluded through the venue that provides the best price. For Equities, the Firm will seek the most favourable bid/offer price available in the market at the time of executing the trade.

5.3. 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.

5.4. 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.

5.5. 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

5.6. Non Pro-Rata allocations

Certain factors may affect a Trader'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 Trader must use reasonable fiduciary judgement 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 and filed with the compliance unit appropriately.

5.7. 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 Trader 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.

The trader 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 and cash availability. After filling the order, the trader must record on the trade ticket the actual new issue allocation made to each client/strategy. The rationale for any allocation decision other than strictly pro rata and adjustment for round lots must be clearly documented and provided on request to the Compliance Department.

5.8. Cross trades

Where the Trader 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 trader may cross the trade at the agreed price of the security. However, the trader 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 to have clear oversight of the process.

6. Monitoring and Review

The Firm will monitor processes to identify transactions that may not have met order execution requirements as outlined in this policy through surveillance undertaken mainly by Compliance and Internal Control units. Compliance will monitor, regularly (at least on a Quarterly basis), the effectiveness of the Firm's execution arrangements and assess whether the execution venues selected have provided the best possible result.

Monitoring will also cover the fair and equitable allocation where they occurred, as well as Cross trades, during the period. Any opportunities for improvement that are identified, will be reported to the Board Audit & Risk Committee so resulting actions may be incorporated into the policy and eventually the Firm's processes.

7. Record Keeping

The Firm will maintain records in sufficient detail to show particulars of all transaction undertaken. Subject to regulatory requirements, the following records must be retained for each trade executed by the Firm:

1. 3 competitive quotes (Fixed Income) and best bid/offer price at time of executing the trade
2. Price
3. Time order received
4. Execution time
5. Order Allocation record

8. Related Documents

- ✓ Risk management Framework
- ✓ Internal Control Framework
- ✓ Market Abuse, Surveillance, and Chinese Wall Policy
- ✓ Operational Procedure Policies

MERISTEM STOCKBROKERS LIMITED

Name of Trader :……………………………………………………………….

Name of Trade Platform (NSE, NASD, FMDQ) :……………………………………………………………….

Trade date	Name of Financial Instrument	Buy/or Sell	Date and time order received	Date and time of execution	Price (If Fixed Income, 3 comparative prices must be obtained)	Counterparty i.e. Dealing firm who is offering to buy/sell at these prices

This is an official record documenting the above trade executed by the Firm for the Firm or on behalf of a client. This document is designed to capture information relevant to the circumstances at the time of executing a trade and must be accurately completed, for evidencing and monitoring Best Execution purposes.