

BEST EXECUTION POLICY DISCLOSURE

BANK OF SINGAPORE LIMITED, UK BRANCH

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1. Introduction

The purpose of this document (the "UK Addendum") is to detail how the UK branch of Bank of Singapore Limited ("BOSL UK") complies with applicable regulatory requirements in relation to orders it receives in respect of certain financial instruments within the scope of requirements imposed by applicable laws and regulations in the UK.

2. Regulatory Framework

BOSL UK performs its services in compliance with, among others, the following key regulations:

UK national legislation

- The FCA Handbook of rules and guidance, including requirements introduced pre-Brexit to reflect the requirements of Directive 2014/65/EU ("MiFID"), including:
 - the provisions in the Conduct of Business sourcebook (COBS) on best execution, inducements, client order handling, limit orders, record keeping and disclosures; and
 - the provisions in the Systems and Controls manual (SYSC) on conflicts.
- The level 2 requirements of MiFID as follows, as they form part of the laws of the UK following Brexit:
 - Commission Delegated Regulation (EU) 2017/565 as regards organisational requirements and operating conditions for investment firms (in the FCA rules, this is referred to as the "MiFID Org Regulation").
 - Commission Delegated Directive (EU) 2017/593 with regard to fees, commissions or any monetary or non-monetary benefits, among other things (in the FCA rules, this is referred to as the "MiFID Delegated Directive").

Historic guidelines

- ESMA Questions and Answers on MiFID II and MiFIR investor protection and intermediaries topics (ESMA35-43-349).

3. In-scope Instruments

This UK Addendum applies when BOSL UK receives and transmits clients' orders in all relevant classes of financial instruments (please refer to Annex II of MiFID) – for example, shares, bonds, mutual funds, structured products etc.

This UK Addendum applies to professional clients only.

4. Governance

BOSL UK reserves the right to amend this document as necessary. Where a material change is made, BOSL UK shall duly inform its clients.

A material change may be made in circumstances such as the following:

- changes in the applicable regulatory framework;
- a significant event that could impact the best execution factors such as cost, price, speed, likelihood of execution and settlement, size, nature, or any other consideration relevant to the execution of the order; and
- significant changes to the organizational setup of BOSL UK that could impact its approach to the regulatory requirements on best execution.

5. Best Execution at BOSL UK

The operating model of BOSL UK involves it acting exclusively for clients who have separately engaged Bank of Singapore Limited in Singapore for custody and dealing services ("BOSL SG").

Accordingly, when entering into an agreement with BOSL UK, clients provide BOSL UK with an express instruction to transmit all orders to BOSL SG for execution.⁷¹

- BOSL SG's dealing services are governed by policies and procedures that it puts in place, including a policy on best execution.
- A copy of BOSL SG's disclosure on this policy is separately made available to each client via its website – see https://productgroup.bankofsingapore.com/equities_derivatives_desk/BE_Policy.pdf
- BOSL SG conducts monitoring to ensure compliance with its policy on best execution and to ensure its approach to execution is delivering the best possible results for clients on a consistent basis.

BOSL SG's dealing and execution services are provided to clients in accordance with laws and regulatory requirements in force in Singapore. BOSL UK receives management information from BOSL SG to enable BOSL UK to satisfy itself that the arrangement it has in place for execution is reasonable and sufficient. For more on this, see section 8 below.

When do we use best execution for our clients' transactions?

To ensure best execution for professional clients' financial instrument orders, BOSL UK transmits orders resulting from its clients' own decisions to use it as an intermediary for trading financial instruments, for execution by BOSL SG.

This UK Addendum does not apply where (a) clients or their agents independently transmitted orders to a third-party broker for execution or (b) BOSL UK's involvement is limited to accounting and liquidation.

When does best execution not apply?

The best execution rules established by MiFID II do not apply to eligible counterparties. However, we act honestly, fairly, and professionally in our transactions with eligible counterparties and our communication is objective, clear and unambiguous. In some situations, the MiFID II rules for best execution do not apply or may apply differently in respect of professional clients. These specific situations are highlighted below in section "Specific instruction" below.

Specific instructions

¹ This may be done either directly or via another company in the BOSL group if preferred for operational or other reasons.

- BOSL UK receives specific instructions from clients regarding the execution of an order or a part of the order, namely to transmit orders for execution to BOSL SG. Therefore, BOSL UK will be considered as having satisfied its obligation to take all reasonable steps to obtain the best possible result for the client if the orders of the latter are diligently transmitted to BOSL SG for onward execution.
- When the client gives us specific instructions, including with regard to the characteristics of a bespoke product, that concern either an order or a particular aspect of an order, we make all reasonable efforts to have it executed in accordance with the client's instructions. We want to warn our clients that these specific instructions may prevent us from taking the steps that we have implemented to obtain the best possible result for the execution of their orders with regard to compliance with the elements covered by these specific instructions. Therefore, to the extent that the client has given BOSL UK an instruction, this instruction overrides the Best Execution obligation for the scope of the particular instruction.
- Where clients provide specific instructions covering only part of the order (e.g., specific requests on how to treat part of the order), BOSL UK shall not consider itself released from its best execution obligations for the parts of the order which are not covered by the instructions. In this case BOSL UK will comply with this UK Addendum in respect of that part of the trade.
- Where specific instructions given by the client cannot be followed, BOSL UK will inform the client of the reasons before such orders are executed.

6. Execution Factors

In order to achieve the best possible results for its clients, BOSL UK transmits orders having (i) taken into account the execution factors below, or (ii) taken into account that BOSL SG considers the same execution factors, as listed below, in the context of its general business and available market information:

- Price—this is the price a financial instrument is executed at.
- Cost²—this includes implicit costs such as the possible market impact; explicit external costs, e.g., exchange or clearing fees; and explicit internal costs which represents remuneration through commission or spread.
- Speed—this refers to the interval between the time the order is received and the time the order is capable of being executed on a trading venue.
- Likelihood of execution and settlement—the likelihood that the firm executing the transaction will be able to complete a client transaction.
- Size—this is the size of the transaction executed for a client, accounting for how this affects execution.
- Nature of the transaction or any other consideration relevant to the execution of the transaction—this is how the particular characteristics of a client transaction can affect how Best Execution is achieved.

² The FCA Handbook does not expressly define this term in the context of best execution, but the following is noted as useful in indicating scope: "costs related to execution ... must include all expenses incurred by the client which are directly related to the execution of the order, including execution venue fees, clearing and settlement fees and any other fees paid to third parties involved in the execution of the order" (COBS 11.2A.9). COBS 11.2A.11 also makes clear that cost includes "market impact and any other implicit transaction costs".

- Other aspects of the order as applicable.

7. Best Execution Criteria

In line with section 6 of this UK Addendum, when transmitting orders for execution, BOSL UK ensures that BOSL SG determines the relative importance of the aforementioned best execution factors based on its experience and judgement, per product type, with respect to the available market information at the time and taking into account the following best execution criteria:

- The characteristics of the beneficiary (including its categorisation).
- The characteristics of the order (e.g., type of order and product, and size of order).
- The characteristics of the financial instruments which are the subject of the order.
- The characteristics of the execution venues to which the order can be directed.
- The general prevailing conditions in the market at the time of the order.
- The objectives, the investment policy and the specific risks linked to the accounts.

Where certain factors are assessed to be not applicable or more important than others for a particular asset class or product type, the considerations for the non-applicability or relative importance of the particular factor(s), as the case may be, are to be documented and communicated to BOSL UK in writing as soon as possible.

8. Execution Entity(ies) and Best Execution Monitoring

Unless otherwise agreed with the client, as noted above, all orders received from clients are transmitted by BOSL UK to BOSL SG (acting as broker) for execution.

When BOSL UK transmits client orders for execution, BOSL SG will execute client orders in accordance with the latter's best execution policy.

As regards monitoring, the following points are noted:

- BOSL SG has established systems or arrangements to monitor, on a periodic basis, the processes and procedures set up by its respective business units to ensure compliance with its policy on best execution, as well as the effectiveness of its policy and any other applicable procedures. In monitoring effectiveness, BOSL SG assesses if its execution of transactions has delivered the best available terms to its customers on a consistent basis.
- BOSL SG periodically reviews its best execution arrangements and implements appropriate enhancements as needed.
- BOSL SG is to share the results of its analysis with BOSL UK, as well as provide it with relevant management information, for oversight and local governance purposes.

As a final point to note – when selecting a sample of orders for the purposes set out above, orders are selected without bias. However, the selection can be directed if it has the objective to choose trades not selected during previous processes and, in any case, as an additional sample to monitor.

9. Conflicts of Interest

BOSL UK has internal governance arrangements, monitoring, and controls in place to identify, record, mitigate, and/or disclose to clients any potential, perceived, or actual conflicts of interest.

Furthermore, BOSL UK handles all conflicts of interest that might arise during the execution of a client order in accordance with its conflicts of interest policy.

10. Website Disclosure and Client Requests

BOSL UK publishes this UK Addendum on a website to describe its approach to best execution.

The client is entitled to make reasonable and proportionate requests for information about the firm's policies and arrangements and how they are reviewed by BOSL UK. The firm undertakes to answer as clearly as possible and within a reasonable time.

11. Policy Review

BOSL UK will review this UK Addendum at least annually to comply with express regulatory requirements³ and whenever a material change occurs that affects its ability to continue to obtain the best results for its clients.

This document reflects the latest regulatory requirements. The internal procedures and processes of BOSL UK will continue to be amended to ensure our operations are aligned to the required standards. Also, BOSL UK will conduct the monitoring mentioned above to identify and, where appropriate, correct any deficiencies.

As a final point, please note that any reference in this document to BOSL UK transmitting orders to BOSL SG for execution includes a reference to BOSL UK doing so directly or via another company in its group if preferred for operational or other reasons.

³ COBS 11.2A.25 "... Investment firms shall review, at least on an annual basis [an] execution policy established pursuant to [COBS 11.2A.20R], as well as their order execution arrangements. ..."