

## Best Execution Policy

### 1. Definitions

**"Client"** means-a specific person or group of persons, excluding the general public, who is or may become the subject to whom a financial service is rendered intentionally, or is the successor in title of such person or the beneficiary of such service.

**"Professional Client"** means

- a. a bank
- b. a provider who is registered, licensed, recognised, approved or otherwise authorised by:
  - i. the Registrar of Long-term Insurance to conduct long-term insurance business;
  - ii. the Registrar of Short-term Insurance to conduct short-term insurance business;
- c. a person outside the Republic who:
  - i. as a regular feature of the person's business, renders a service similar to a 'financial service' as defined in section 1(1) of the Act, and
  - ii. is registered, licensed, recognised, approved or otherwise authorised to conduct the business of a bank or a business referred to in paragraph (b) by a foreign regulator, with functions similar to those of the Registrar of Banks or a Registrar referred to in the said paragraph;
- d. a central bank or other national monetary authority of any country, state or territory;
- e. any person who is mandated to manage assets with a market value exceeding R1 billion at all times of the rendering of financial services to the person;
- f. any other person included in the definition of 'client', who at all times of the rendering of financial services have assets of which the net asset value will exceed R25 million and who is not:
  - i. a natural person;
  - ii. a pension fund organisation or the trustees of such fund as defined in section 1(1) of the Pension Funds Act, 1956 (Act No. 24 of 1956);
  - iii. a collective investment scheme or the management company of such scheme;
  - iv. a friendly society referred to in the Friendly Societies Act, 1956 (Act No. 25 of 1956);
  - v. a medical scheme or the trustees of such scheme as defined in section 1(1) of the Medical Schemes Act, 1998 (Act No. 131 of 1998), excluding a successor in title and a beneficiary of the service.

**"Counterparty"** means - in any financial contract, the persons or institutions entering the contract on the opposite sides of the transaction are called the counterparties.

### 2. Scope

This document applies only to professional and retail clients and only to their dealings in financial instruments with Momentum Securities. The document will not apply if you have been classified as an eligible counterparty. It is a multi-factored test, with a requirement for Momentum Securities to take all reasonable steps to consistently obtain the best possible result for clients through its order execution policy.

Best Execution is only owed when Momentum Securities accepts an order to execute a transaction on the client's behalf or in other circumstances where it has otherwise expressly agreed to accept such Best Execution obligations. When Momentum Securities provides quotes or negotiates a price with the client on their request (i.e. dealing on a Request for Quote ("RFQ") basis), this quote does not constitute a "client order", nor does it trigger an obligation, irrespective of whether Momentum Securities has initiated the quote transaction.<sup>1</sup>

<sup>1</sup> The obligation is only triggered once the quote is accepted and the order is initiated.

There are certain types of transactions where Best Execution has limited scope. In some cases the Best Execution obligation technically applies but, because of the nature of the order given by the client, or of the transaction, the obligation is, in effect, satisfied. These cases include the following:

- **Single venue transactions:** If the nature of the transaction results in there being only one venue and, therefore the only pricing consideration in time of execution. It, therefore, precludes the use of comparable prices.
- **Highly structured transactions:** As Momentum Securities does not deal in off-exchange type transactions, Momentum Securities's Best Execution policy would not apply in this instance<sup>2</sup>.

### 3. Transactions

- Transactions arranged in a name-passing capacity: If Momentum Securities acts in a name-passing capacity, Momentum Securities is a receiver and transmitter of orders, but in carrying out these activities, Momentum Securities does not receive and transmit orders for execution; therefore, this Policy will not apply.
- Specific Instructions: Where a client gives a specific instruction for the execution of a Client Order then the order will be executed in accordance with those instructions. The client should be aware that providing that instruction may prevent us from taking some of the aforementioned steps to obtain the best possible result for the execution of the Client Order (to the extent of the instructions). Where your instruction relates to a part of the order, Momentum Securities will apply this Policy to the remainder of the order. These transactions will be deemed to have achieved the best possible result for clients.
- Direct Market Access ("DMA"): Where Momentum Securities offers clients DMA through an electronic system; this enables the client to place orders that are routed directly to an exchange's book. Momentum Securities will be treated as having satisfied its best execution obligation to the client when the client places specific instructions through the DMA systems Momentum Securities has provided to them.
- Limited Orders: Unless the client instructs us otherwise, their limit orders in relation to regulated markets traded securities that remain unexecuted under prevailing market conditions and current market price, will promptly be transmitted to a public venue to facilitate earliest possible execution. Where significant limitations are likely as a result of the client's specified limits, Momentum Securities will give the client prior notification and may either request flexibility on those limits or act on their instruction to relinquish the order. Momentum Securities will relinquish unexecuted limit orders to the SETS order book of the JSE. Where this is not possible, Momentum Securities will endeavor to take all reasonable steps to ensure that there are no barriers to accessing relevant limit order information and that publication is made on a non-discriminatory basis. Where the client does not wish for Momentum Securities to publish unexecuted limit orders, Momentum Securities will accept a waiver of this requirement on a per transaction basis made to the client's usual Momentum Securities contact.

### 4. Execution Factors

In meeting Momentum Securities's best execution obligation to the client, the execution factors Momentum Securities may take into account are:

- Price (including incidence of price improvement)
- Costs (in providing the total execution)
- Speed of execution (including likelihood of execution and settlement)
- Size of order (including nature and type of the order, eg. whether a market or limit order or a negotiated transaction)
- Any impact the client's order, when and if published, may have on the market price
- Any other consideration relevant to the execution of the client's order.

The relative importance of these execution factors varies between different financial instruments. Momentum Securities will generally give price a higher relative importance when obtaining the best possible result for orders executed on the client's behalf.

- Where the client is relying on Momentum Securities to get them the best price, ie for Momentum Securities to act on their behalf in protecting their interests, and
- Where the client merely requests or takes a price.

<sup>2</sup> If Momentum Securities did engage in these types of transactions, the Best Execution obligation would only apply in very limited form, to highly structured off-exchange transactions where, due to the unique contractual structure entered into between the client and the executing party, it is not possible to provide any comparisons with other transactions or instruments. Although Best Execution technically would apply, there would be little or nothing against which to compare the transaction. This would apply if it was an OTC transaction, which is highly structured/customised to the particular client and, therefore, is not one of the series of similar deals to which the firm is counterparty, and there is nothing comparable in the market.

Using Momentum Securities' commercial judgement and market expertise, Momentum Securities will consider the relative importance of these execution factors when weighted against the following order criteria:

- Characteristics of the client
- Characteristics of the order
- Prevailing market conditions
- Financial instrument and its suitability for the client
- Characteristics of the execution venues to which the order can be directed

The process by which Momentum Securities undertakes this assessment is neither uniform nor directly comparable in each instance. Momentum Securities' execution obligations will be discharged in a manner that takes into account the different circumstances associated with the execution of the order as they relate to the particular financial instrument involved, for example:

- For shares or depository receipts admitted to a centralised trading venue, price and costs would be considered significant factors when routing to a particular venue.
- For other transaction types, increased emphasis may be placed on the sourcing of liquidity. For example, OTC transactions that involve a customised financial element bespoke to your own contractual requirements.
- Emerging markets may present lower volumes of liquidity and emphasis will be placed on the speed and, therefore, likelihood of execution, ie the "fill rate". Execution may not be at the lowest price available, but the certainty of execution for the whole order may increase overall.
- Where there is a large order that may exceed the available liquidity of the market (or where the likely impact on the market may be too great), execution of the order may occur in stages, to allow Momentum Securities to facilitate the execution appropriately.

You will be informed of any anticipated difficulties in executing an order before the trade.

## 5. Execution Venues

Our Best Execution Policy includes, for each Financial Instrument in which we execute orders on our client's behalf, those venues that we consider enable us to obtain on a consistent basis Best Execution. Those possible execution venues include, as appropriate for each product: regulated markets, multilateral trading facilities, systematic internalisers, market makers and other liquidity providers (including Momentum Securities and its affiliates acting as principal). Momentum Securities will, on request, provide further details to its clients of the execution venues included in our Execution Policy.

Momentum Securities may also transmit client orders to another broker or dealer (which may be non-EEA including an affiliate) for execution, in which case we will either determine the ultimate execution venue ourselves on the basis described above, and instruct the other broker or dealer accordingly, or we will satisfy ourselves that the other broker or dealer has arrangements in place to enable us to comply with our Best Execution obligations to our clients.

Momentum Securities will also take steps to not structure or charge Momentum Securities's commissions in such a way as to discriminate unfairly between Execution Venues.

Based on the execution factors above, and on comparable and consolidated venue information, Momentum Securities has selected a number of execution venues that meet its criteria for delivering best execution to its clients in particular financial instruments. Any changes to the selected execution venues will be published on the Momentum Securities website. For a detailed list of the execution venues used by Momentum securities, refer to **Appendix A**.

## 6. Aggregation and Allocations

Momentum Securities maintains policies surrounding the aggregation of orders within its operating procedures. Comparable orders are in general executed in block format if the orders are generated simultaneously, and allocated in line with Momentum Securities's fair allocation procedures.

## 7. Abnormal Market Conditions

This Policy will not apply at a time of severe market turbulence, and/or internal or external system failure where the ability to execute orders on a timely basis, or at all, will become the primary factor instead of the above execution factors. In the event of system failure, Momentum Securities may not be able to access all of its chosen execution venues. Fiduciary Relationship Momentum Securities's committed to provide clients with best execution, as outlined in this Policy, does not mean that Momentum Securities owes them any fiduciary responsibilities over and above the specific regulatory obligations placed upon Momentum Securities or as may be otherwise contracted between Momentum Securities and its clients. Clients remain responsible for their own investment decisions and Momentum Securities will not be responsible for any market or trading loss suffered as a result of those decisions.

## 8. Compliance

Momentum Securities will monitor the quality of its execution arrangements and selected venues regularly, promptly making any changes where a need is identified. Momentum Securities will in any event review these arrangements each year, to ensure that Momentum Securities continues to deliver the best possible result to its clients.

It is Momentum Securities's policy to seek at all times to comply with all relevant regulatory and legal restrictions associated with Momentum Securities's broking services. However, by virtue of the nature of Momentum Securities's intermediary role, Momentum Securities may need to rely on its clients' representations to ensure that the brokered transaction is not in breach of any such restrictions.

Momentum Securities accepts no responsibility for its client's failure to comply with any legal or regulatory restrictions applicable to that client. In particular, with respect to the prohibitions and restrictions imposed by regulatory authorities on the short selling of certain stocks and other financial instruments ("securities"), in using Momentum Securities's broking services, clients are deemed to represent at each relevant sell order that:

- i the sale of any securities is not a prohibited short sale, unless you state specifically to the contrary, and/or
- ii the sale of any US equity securities is a covered sale for which you have relevant unencumbered stock available for delivery on trade date.

## 9. Complaints

Momentum Securities is required to obtain a client's prior consent to this Policy. Having made this Policy available on the Momentum Securities website, Momentum Securities will deem orders placed with Momentum Securities as sufficient acceptance to this Policy.

Where a client believes that they have reasonable grounds to assert that best execution was not obtained, that client may make a written request to Momentum Securities to provide the following:

- An analysis of the procedures used to select that particular execution venue,
- Data reconstituting the trade information available to the Momentum Securities at the time.

Eurex	EUREX	CHE	x
Forsts (futures and options on RTS)	FORTS	RUS	x
Hong Kong Stock Exchange	HKEX, SEHK	HKG	•
Irish Stock Exchange	ISE	IRL	•
JSE Ltd	JSE	ZAF	•
London Metal Exchange	LME	GBR	x
London Stock Exchange - including trading on AIM, SETS, and SETSqx			•
NASDAQ OMX BX 0 formerly Boston Stock Exchange	BSX	USA	•
NASDAQ OMX Group - includes 8 exchanges mainly in Nordic and Baltic countries Sweden and Finland	OMX	SWE	x
NASDAQ	PHLX	USA	x
NASDAQ Stock Market	NASDAQ	USA	•
National Stock Exchange of India	NSE	IND	x
New York Stock Exchange	NYSE	USA	•
NYSE Amex Equities - formerly known as the American Stock Exchange	AMEX	USA	•
NYSE Euronext - including Euronext Amsterdam, Euronext Brussels, Euronext Lisbon, Euronext Paris and Euronext. LIFFE	EN Lisbon, LIFFE	BEL, FRA, NLD PRT, GBR	•
Singapore Exchange	SGX	SGP	•
Six Swiss Exchange	SIX	CHE	•
XETRA - stands for “Exchange Electronic Trading”, a worldwide electronic securities trading system operated by Deutsche Boerse with more than 14 stock exchanges having licenses.	XETRA	DEU	•
Nigerian Stock Exchange	NSE	NG	•
Nairobi Stock Exchange	NSE	KE	•
Malawi Stock Exchange	MSE	MW	•
Zimbabwe Stock Exchange	ZSE	ZW	•
Bourse Regionale Des Valeurs Mobilières SA (includes Benin, Burkina Faso, Guinea Bissau, Cote d'Ivoire, Mali, Niger, Senegal, Togol	BRVM	BJ, BF, GW CI, ML, NE SN, TG	•
Rwanda Stock Exchange	RSE	RW	•
Egyptian Exchange	EGX	EG	•
Namibian Stock Exchange	NSX	NA	•
Stock Exchange of Mauritius	SEM	MU	•
Botswana Stock Exchange	BSE	BW	•
Casablanca Stock Exchange	CSE	MA	•
Dar-Es-Salaam Stock Exchange	DSE	TZ	•
Ghana Stock Exchange	GSE	GH	•