

RENCAP SECURITIES (NIGERIA) LIMITED

Order Execution Policy

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1. Order Execution Policy - Introduction

This Order Execution Policy (the “**Policy**”) is intended to provide clients with information relating to the order execution arrangements that RENCAP Securities (Nigeria) Limited (“**Renaissance Capital**”, or the “**Firm**”) have in place to comply with the requirements for order handling and best execution of transactions on behalf of clients. This includes the prohibition of preference to customer’s account over any other customer which affects the priority in which the executions were made.

The Firm aims at obtaining a combination of price in a transaction that is most favourable to the client under prevailing market conditions.

By giving Renaissance Capital orders for execution after receiving this Policy, you will be deemed to have consented to having your orders handled by Renaissance Capital in accordance with this Policy, except for situations where Renaissance Capital has received specific instructions.

2. Scope

This policy applies to orders executed by the Firm on behalf of clients on financial instruments executed on the NSE, NASD, FMDQ or any other capital market trade point recognised and authorised by the Securities and Exchange Commission in Nigeria.

On request, when Renaissance Capital provides quotes (“**Request for Quote**” or “**RFQ**”) or negotiates a price with you, Renaissance Capital will take into consideration the nature of the instruction with respect to the four-fold cumulative test as set out by the European Commission¹ to determine whether the client is relying on Renaissance Capital to obtain the best possible result.

In determining whether Renaissance Capital is able to deal on an RFQ basis, Renaissance Capital will consider the nature of the instruction with respect to the four-fold cumulative test. The distinction between your reliance on Renaissance Capital to achieve best execution and an RFQ is between:

- a) Where you are relying on Renaissance Capital to achieve best execution outcome, i.e. for Renaissance Capital to act on your behalf in protecting your interests (an order); and
- b) Where you merely request or take a price (RFQ).

The four-fold cumulative test considers the following factors:

- a) Which party initiates the transaction. Where Renaissance Capital approaches you, and suggest that you should enter into a transaction, it is more likely that you will be placing reliance on Renaissance Capital. Where you initiate the transaction, it is less likely that you will be placing reliance on the Firm;
- b) Questions of market practice and the existence of the convention to ‘shop around’. Where the practice in the market in which a business area operates suggests you take responsibility for the pricing and other elements of the transaction (e.g. there is a market convention to “shop around” for a quote), it is less likely that you will be placing reliance on Renaissance Capital;
- c) The relative levels of price transparency within a market. If the Firm has ready access to prices in the market in which the Firm operates, whereas you do not, it is more likely that you will be placing reliance on Renaissance Capital. This is different to where the Firm’s access to pricing transparency is equal or similar to yours and in these circumstances, it is less likely that you will be placing reliance on Renaissance Capital; and
- d) The information provided by Renaissance Capital and any agreement reached. Where the Firm’s arrangements and agreements with you do not indicate or suggest a relationship of reliance, it is less likely that you will be placing reliance on Renaissance Capital.

If the above factors are determined by Renaissance Capital to conclude that your behaviour does not indicate that you are relying on Renaissance Capital, then best execution will not apply.

¹ European Commission’s Working Document ESC-07-2007

3. Review

In the event of a change that has a material impact upon the Firm's ability to obtain the best possible result for client orders, a review will be readily undertaken to assess the arrangements which the Firm has in place to achieve best execution on a consistent basis and at least annually. What is material will depend on the nature and scope of any change. The most recent version of this Policy will always be available on our website www.rencap.com, and we will endeavor to notify clients with whom we have an ongoing relationship of any material changes to our order execution arrangements or this Policy.

4. Execution Factors and Order Criteria

In the absence of specific client's instructions, when managing client orders through to execution or upon facilitating the receipt and transmission of an order, Renaissance Capital will take all sufficient steps to achieve the best possible result for clients in a comprehensive and consistent way. The Firm will take into consideration, a combination of the following execution factors (collectively considered and known as the "**Execution Factors**"):

- (a) Price;
- (b) Likelihood of execution;
- (c) Size of order;
- (d) Likelihood of settlement;
- (e) Costs (implicit and explicit);
- (f) Speed of execution;
- (g) Nature of the order;
- (h) Any other considerations relevant to the execution of an order (e.g. prevailing market conditions).

In determining the relative importance of these Execution Factors, Renaissance Capital will take into consideration the following criteria:

- the characteristics of the client;
- the characteristics of the order, including any specific instructions received;
- the characteristics of the financial instrument to which the order relates, including where the order involves a securities financing transaction;
- characteristics of the execution venue(s) to which the order can be directed.

The process by which the Firm undertakes this assessment is neither uniform nor directly comparable in each instance. The Firm's execution obligations will be discharged in a manner that considers the different circumstances associated with the execution of the order as they relate to the financial instruments involved, namely (where applicable):

- For shares or depositary 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. This may be for Fixed Income trades or OTC transactions that involve a customised financial element bespoke to the clients own contractual requirements. For complex products, best execution will be considered for the product in its entirety rather than the individual components of the instrument;
- There may also be lower volumes of liquidity and for practical necessity, emphasis will be placed on the speed and therefore likelihood of execution (also referred to as "**fill rate**"). Execution may not be at the best price available, but the certainty of execution for the whole order may increase overall;
- Similarly, 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 the Firm to facilitate the execution appropriately;
- Exchange traded derivatives are traded as single exchange contracts, where the client generally provides Renaissance Capital with a specific instruction regarding the contract they wish to trade. Renaissance Capital will select the single venue and execution broker available based on that specific instruction;
- OTC derivatives of this nature are bilateral contracts that are arranged through negotiation, with a quote or price provided to a client. A client will decide whether or not to transact with Renaissance Capital on the basis of that quote. In entering into these transactions, it may be necessary for the Firm to hedge its risk. While the cost of the hedge may

be linked to the price of an OTC derivative, hedging is an entirely separate activity. However, where the price of the hedge may be used as a reference price for the derivative, the Firm will seek to obtain best execution on the hedge subject to any specific instruction.

5. Selection of Execution Venues

Execution venue means a regulated market or any other trading facility that performs a similar function. Renaissance Capital will route orders to those execution venues that it deems sufficient to provide the best possible result, (based on comparable and consolidated venue information). Where Renaissance Capital knows it will not be able to obtain best execution, the order will be routed to another approved venue where the Financial Instrument is being traded. Subject to any specific instructions, in meeting the best execution obligation to take all sufficient steps to obtain on a consistent basis the best possible result for the execution, we consider appropriate execution venues to include:

- (a) Nigerian Stock Exchange (NSE)
- (b) National Securities Dealers Association (NASD)
- (c) Financial Market Dealers Quotation (FMDQ)
- (d) any other capital market trade point recognised and authorised by the Securities and Exchange Commission in Nigeria

Renaissance Capital will select an execution venue based primarily on the availability of best pricing for a particular financial instrument and the amount of accessible liquidity offered by the execution venue. In certain cases, clients may instruct the Firm to route their orders to a particular venue, use certain order types or access certain liquidity events (e.g. auctions).

As additional execution venue selection criteria, Renaissance Capital will consider the overall technical and operational offering of a venue – including connectivity, speed of execution, reliability, rules, membership and clearing requirements, as well as the costs of accessing the venue. For certain instruments there may be only one execution venue available. When executing a trade in such circumstances Renaissance Capital will assume that the selection of that venue satisfies the best execution factor which deals with venue selection.

Renaissance Capital may select a single entity for execution if this allows it to obtain the best possible results for clients on a consistent basis and where Renaissance Capital can reasonably expect that the selected entity will enable the Firm to obtain results for clients that are at least as good as the results that it reasonably could expect from using alternative entities for execution.

When executing orders or taking the decision to deal in OTC products including bespoke products Renaissance Capital checks the fairness of the prices by gathering market data used in the estimation of the price of such product and, where possible by comparing with similar or comparable products.

6. Demonstrating Best Execution

Renaissance Capital endeavors to provide best execution in relation to all relevant business activity. However, where the client believes that it has reasonable grounds to assert that best execution was not obtained, the client can make a written request, for the Firm to provide the following:

- (a) An analysis of the reasoning used to select a particular execution venue;
- (b) Data reconstituting the trade information available to the Firm at the time.

7. Specific Client Instructions

When executing an order following a specific client instruction, Renaissance Capital will execute the order in line with those instructions and will treat as satisfied its best execution obligations in respect of the part (or aspect) of the order to which those instructions relate. The remaining part (or aspect) of the order will be executed in line with this Policy.

Clients should be aware that providing Renaissance Capital with specific order instructions, may encumber the ability of Firm to obtain the best overall result.

Where clients access a Direct Market Access platform, it is usual for the client to select specific parameters of the trade, including price, quantity, venue, nature of the order. In this respect, the client will be considered to have provided a specific instruction.

8. Client Order Handling

All client orders will be executed promptly and expeditiously being aggregated fairly and executed in due turn. Where comparable orders are received, they will be processed sequentially, unless a specific client seeks to be treated otherwise, or in circumstances where orders have been received through different avenues. In every instance, Renaissance Capital will ensure that client orders take precedence over Firm or personal orders and that the client order will be handled equitably and to the client's best advantage.

Where applicable, in selecting an execution venue, Renaissance Capital will take steps to ensure that it does not structure or charge its commissions in such a way as to discriminate unfairly between execution venues. Renaissance Capital will disclose any inducements and fees related to the use of execution venues to clients.

9. Order Management

This Policy applies to all client orders, with specific reference to the following services or investment activities:

- (a) client order management and execution arrangements;
- (b) client order aggregation with other client orders;
- (c) client order aggregation, with Renaissance Capital 'own-book' orders;
- (d) asset allocation process for pro-rated allocations and partial executions;
- (e) limit order release process and venue publication.

The Firm undertakes to manage all client orders in accordance with the following principles:

- a) order execution shall be prompt, fair and expeditious and processed sequentially;
- b) aggregation of comparable orders shall be undertaken to the client's best interests;
- c) allocation or reallocation shall be equitable and seek to protect from client detriment.

10. Order Aggregation

To carry out a client order (i) in aggregation with either another client order, or (ii) in aggregation with a transaction for the Firm's own account, Renaissance Capital will ensure the following requirements are met:

- (a) The client has been made aware that aggregation may, in some cases; result in obtaining a less favourable price than if the order were executed separately;
- (b) The Firm, in its sole discretion and under prevailing market conditions, does reasonably believe that such action is likely to be within the client's best interests and the Firm is able to demonstrate this;
- (c) In the case of (i), the decision to aggregate and, if necessary, reallocate will be made in accordance with any client instructions, having regard to price and volume and allocated accordingly;
- (d) In the case where the Firm is given a proportionate or pro-rated allocation, Renaissance Capital will be able to demonstrate that it could not otherwise have executed the order on such favourable terms or at all, without its own participation.

11. Client Allocation

11.1. Allocation of aggregated Client and Firm orders

Renaissance Capital must maintain a diligent approach to the proper management and mitigation of all potential conflicts of interest that may arise when handling client orders. Specific operational procedures, aligned to both this and the Firm's Conflicts Policy, must be followed at all times. Where partial execution takes place on an aggregated order, Renaissance Capital remains at liberty to pro-rata the allocation across its own-book together with the client order. In such an event, the Firm will be in a position to reasonably demonstrate, that without its own participation, execution could not have taken place at all or on such favourable terms.

Renaissance Capital may aggregate client orders with its own orders, orders of persons connected with the Firm and orders of other clients where Renaissance Capital believes the aggregation of orders and transactions will not work to the overall disadvantage of any client whose order is to be aggregated.

11.2. Prompt Allocation

All aggregated orders will be allocated promptly and as soon as is reasonably practicable in the circumstances. Renaissance Capital will take all reasonable and appropriate steps to ensure that as little time as possible exists between execution and to facilitate the accurate and equitable allocation of assets to mitigate any conflicts that may arise during this period.

11.3. Reallocation

Renaissance Capital should not re-allocate a client order if that re-allocation is detrimental to a client. A re-allocation will be considered detrimental if unfair precedence is given to a particular client or Renaissance Capital's own order. An example of when Renaissance Capital can re-allocate an aggregated order is where an error is identified in the intended basis of the allocation or the actual allocation. In this case the reason for reallocation must be noted.

11.4. Misuse of Information

Renaissance Capital shall not misuse information relating to or between pending client orders. The Firm shall take all reasonable steps to prevent the misuse of such information by any relevant persons or employees. Any use by the Firm of information relating to a pending client order, in order to deal on own account in the financial instruments to which the client order relates, or in any related financial instruments, will be considered a misuse of that information.

12. Warehousing

Where necessary, due to market conditions or where it is advantageous to the client, large orders may be client executed over more than one day.

Renaissance Capital may allow for the delayed allocation of the order to avoid uneconomic allocations, mitigate high settlement costs or to optimise average pricing for the client.

13. Limit Orders

Unless the client instructs us otherwise, client limit orders in shares admitted to a trading venue, that remain unexecuted under prevailing market conditions and current market price, will promptly be transmitted to a public venue to facilitate earliest possible execution.

14. Publication Arrangements

Renaissance Capital will relinquish unexecuted limit orders to the applicable order books of the relevant stock exchange.

Where this is not possible, Renaissance Capital will endeavour 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 through one of our existing intermediary brokers.

Where clients do not wish for Renaissance Capital to publish unexecuted limit orders, which are not immediately executed under prevailing market conditions in respect of shares admitted to trading on a regulated market or traded on a regulated market, the Firm will accept a general waiver of this requirement or on a per transaction basis made to the client's usual Sales contact.

15. Monitoring

The Firm will regularly monitor the quality of the execution process provided to assess whether:

1. Client's orders are being handled in compliance with this Policy; and
2. Best execution is being achieved.

Renaissance Capital will retain documentary records to demonstrate best execution, as required.