

**FIRST ABU DHABI BANK SINGAPORE  
ORDER EXECUTION POLICY FOR ACCREDITED INVESTOR AND  
EXPERT INVESTOR CLIENTS  
MARCH 2022**

**1 Introduction**

- 1.1 First Abu Dhabi Bank PJSC, Singapore Branch (“**FAB SG**”, “**we**”, “**us**”, “**our**”) has established and implemented this Order Execution Policy (the “**Policy**”) as required by the Monetary Authority of Singapore’s (“**MAS**”) Notice SFA-04N16 on Execution of Customers’ Orders (“**Best Execution Notice**”) and accompanying Guidelines.

**2 Scope and Application of this Policy**

- 2.1 This Policy applies only to clients classified by us as an Accredited Investor or Expert Investor under the Securities and Futures Act 2001 (“**SFA**”).
- 2.2 This Policy only applies to orders executed with you by FAB SG for capital markets products as defined by the SFA, which include (but are not limited to): securities, units in a collective investment scheme, derivatives contracts, and spot foreign exchange contracts for the purposes of leveraged foreign exchange trading. For clarity, this Policy applies for all such trades placed and/or executed by FAB SG, regardless of whether the trades are booked into FAB SG or FAB HO. The application of this Policy to specific capital markets products for which we provide our investment services is set out in Annex I.
- 2.3 For the avoidance of doubt, we do not owe you any fiduciary responsibilities as a result of the matters set out in this Policy, over and above the specific regulatory obligations placed on us, or as contractually agreed with you.
- 2.4 Please note that by conducting business with us following the receipt of this document, you will be deemed to have consented to this Policy.

**3 Legal Structure**

- 3.1 First Abu Dhabi Bank PJSC (“**FAB**”) is a company licensed by the Central Bank of the United Arab Emirates and regulated by the Central Bank of the United Arab Emirates and by the Securities and Commodities Authority, UAE. FAB SG is a branch of FAB and is regulated in Singapore by the MAS. Details about the extent of our regulation by the MAS are available from us on request.
- 3.2 In all circumstances, your counterparty to any executed order(s) you place with FAB SG will be FAB (acting through either FAB SG or FAB’s head office in the United Arab Emirates (“**FAB HO**”)).
- 3.3 FAB will act in a principal capacity for all orders executed by FAB SG, where transactions entered into with clients and counterparties will be executed against its proprietary capital. For the avoidance of doubt, FAB does not act as an agent or as riskless principal for all orders executed by FAB SG for Accredited Investors and Expert Investors.

## 4 Our Duty of Best Execution

- 4.1 We are required under the Best Execution Notice to place or execute or both, as the case may be, clients' orders on the best available terms; and to place or execute, or both, as the case may be, comparable customers' orders in accordance with the time of receipt of such orders ("**Best Execution**"). When we are required to provide Best Execution, this means that we will take all sufficient steps to obtain the best possible result for our client on a consistent basis, taking into account the Execution Factors set out below in section 5.
- 4.2 Where we are dealing with you in a principal capacity, for example, including, but not limited to, where you have accepted a quote, we will determine whether you are placing legitimate reliance on us in relation to a transaction by considering the "Four-Fold Test" outlined below. As noted above, FAB will only deal with you in a principal capacity.
- 4.3 In order to assess whether there is legitimate reliance, we will consider the transaction by reference to the following factors (known as the "**Four-Fold Test**"):
- 4.3.1 **which party initiates the transaction** – where we approach you and suggest that you should enter into a transaction, it is more likely that you will be placing reliance on us. Where you initiate the transaction, it is less likely that you will be placing reliance on us;
  - 4.3.2 **market practice and the existence of a convention to "shop around"** – where the market convention is for participants to approach several dealers for quotes, and you have the ability to "shop around" for quotes, it is less likely that you will be placing reliance on us;
  - 4.3.3 **the relative levels of price transparency within a market** – where we reasonably believe you have access to similar levels of price transparency, it is less likely that you will be placing reliance on us; and
  - 4.3.4 **the information provided by us and any agreement reached** – where our arrangements and agreements, including as described in this Policy, do not indicate or suggest a relationship of reliance, it is less likely that you will be placing reliance on us.
- 4.4 Following consideration of all relevant circumstances of the transaction and the application of the Four-Fold Test, we will take a view as to whether you are legitimately relying on us. Where we conclude that you are not legitimately relying on FAB SG, then Best Execution will not apply. For clarity, we will ordinarily apply the Four-Fold Test on a once-off basis (and not on a per trade basis) based on the factors outlined above.
- 4.5 Please consult Annex I for specific guidance on when you will not be owed Best Execution. As set out in Annex I, we consider that Best Execution generally does not apply to transactions conducted following the provision of a quote.

## 5 Execution Factors

- 5.1 Where we have determined that we owe you a duty of Best Execution in relation to a transaction, we must consider certain execution factors as part of the process of taking all

sufficient steps to obtain the best result possible for you in relation to that transaction, in accordance with this Policy.

- 5.2** We will therefore take into account, as relevant, the following factors (“**Execution Factors**”):
- 5.2.1 price:** the price a financial instrument is or may be executed at excluding any External Costs (as defined below) or any of FAB SG’s explicit internal costs;
  - 5.2.2 costs:** this may include implicit costs such as market impact, external costs relevant to the execution including (but not limited to) execution venue fees, clearing and settlement fees and any other fees paid to third parties (“**External Costs**”) and explicit internal costs representing our own remuneration through commission and/or spread;
  - 5.2.3 speed:** the time it may take to execute a transaction;
  - 5.2.4 likelihood of execution and settlement:** the likelihood that we will be able to complete a client transaction;
  - 5.2.5 size and nature of the order:** the size of the transaction and how this may impact the price of execution; and
  - 5.2.6** any other relevant considerations deemed relevant to the execution of your transaction.

## **6 Execution Criteria**

- 6.1** In determining the applicability of, and relative importance attached to, each of the Execution Factors, we will take into account any specific instructions that you give us and the following criteria:
- 6.1.1** the characteristics of the client (including the regulatory categorisation of the client);
  - 6.1.2** the characteristics of the client order;
  - 6.1.3** the characteristics of the capital markets products that are subject to that order; and
  - 6.1.4** the characteristics of the execution venues to which that order can be directed.
- 6.2** In general, we would expect price to be the most significant execution factor for our Accredited Investor and Expert Investor clients. Where Best Execution applies, when executing orders as a principal, we will check the fairness of the price proposed to you, for example, by gathering market data used in the estimation of the price of such product and, where possible, by comparing with similar or comparable products.
- 6.3** However, there may be circumstances where, depending on the nature of the transaction, the factors vary and other Execution Factors should be prioritised over price. For example, for transactions in illiquid products, the likelihood of execution and settlement become more important. We will use our experience and expertise to achieve the best outcome across all factors. As we have a degree of discretion in our application of these Execution Factors, this may result in a range of permissible approaches to executing your orders.

## **7 Specific Instructions from Clients**

- 7.1** Where we owe our clients a duty of Best Execution, if we receive an order from a client that includes specific instructions in relation to the handling and execution of the entire order or a particular aspect of the order, subject to our legal and regulatory obligations, we will follow those specific instructions and in doing so we will have satisfied our Best Execution obligations with regard to the relevant aspects of the order.
- 7.2** Where the specific instructions relate only to a part or aspect of the relevant order, then this Policy will be applied to the remaining elements of the order not covered by the specific instructions.
- 7.3** Where we are provided with specific instructions, this may prevent us from taking the steps that we have designed and implemented in and under this Policy to obtain the best possible result for the execution of your order in respect of the elements covered by your specific instructions.

## **8 Execution venues**

- 8.1** FAB SG will only deal as principal against you, with the transaction being executed against FAB SG's proprietary capital. As such, the execution venues we use are generally to clear our own market risk.
- 8.2** In selecting an execution venue to clear our own market risk, we will take into account the execution factors listed in section 5.2 of this Policy in order to obtain the best possible results on a consistent basis. The execution venues that we use to clear our own market risk when acting as principal may include market makers, interdealer brokers, and other liquidity providers.
- 8.3** The factors that we will consider when choosing an execution venue to clear our own market risk include (but are not limited to): general prices available, depth of liquidity, relative volatility in the market, speed of execution, cost of execution, reliability and continuity of trading, creditworthiness of the counterparties on the venue (or the central counterparty) and the quality and cost of clearing and settlement. The significance of these factors may vary depending on the market in question. For example, speed of execution may be a priority in markets with price volatility, whereas in markets that have low liquidity, the likelihood of execution itself may be most relevant.
- 8.4** For the avoidance of doubt, FAB SG only deals with you as principal, and therefore does not execute client orders directly on any execution venues. Rather, FAB SG uses execution venues to clear its own market risk. Accordingly, all such client orders are executed outside of a regulated market, multilateral trading facility or organised trading facility (each, a "**Trading Venue**"). It is important to note that the execution of your order **outside of a Trading Venue** may involve consequences which differ from execution on a Trading Venue. For example, the transaction will not be subject to any rules of Trading Venues designed to provide for fair and orderly trading, there may be increased settlement risk as the settlement rules for Trading Venues will not apply to the transaction, and there may be a differing exposure to counterparty risk.

- 8.5** This Policy does not apply to the activities of FAB HO. We monitor the execution achieved through FAB HO to ensure that we are satisfied that FAB HO meets the standards that we require in order for FAB SG to meet its Best Execution obligations (where applicable).
- 8.6** A list of the primary venues we use to clear our own market risk is set out in Annex II. We will assess this list at least annually and may use other execution venues and add or remove any execution venue from this list if we determine it would be appropriate to do so. Our review will include monitoring data of the execution venues that we use, including comparing prices and other relevant factors to ensure that these execution venues do not give rise to significant or systematic deviations in our ability to obtain the best possible results on a consistent basis.

## **9 Order Handling**

- 9.1** Arrangements are in place to ensure that, where Best Execution requirements apply:
- 9.1.1** client orders are dealt with promptly, fairly and expeditiously;
  - 9.1.2** otherwise comparable orders are executed sequentially;
  - 9.1.3** in the event of a conflict, the interests of the client are prioritised over our own; and
  - 9.1.4** no client order will be given preference over the order of any other client.
- 9.2** We may aggregate a client order with an order or orders from other clients and/or with a transaction on our own account. Aggregation will only be performed if it is unlikely that the aggregation will disadvantage any of the clients whose order is aggregated, however in certain circumstances the aggregation may work to a client's disadvantage in relation to a particular order.

## **10 Monitoring and Review**

- 10.1** We will monitor on a consistent basis the effectiveness and relevance of this Policy and its implementation in order to assess if our execution of orders has delivered the best available terms to our clients on a consistent basis, and identify or correct any deficiencies. This will include monitoring publicly available data of the execution venues we use, such as prices available and costs of execution.
- 10.2** In addition, we will review this Policy at least annually and whenever material change occurs which impacts our ability to continue to produce the best possible results for our clients.
- 10.3** We will notify you of any material changes to this Policy or our Best Execution arrangements via our website. We consider that a change will be material where its disclosure is necessary to allow our clients to make informed decisions about whether to continue with the use of our services.
- 10.4** Should you have any comments or queries in relation to this Policy please contact your usual FAB SG contact.

## **11 Record Keeping and Notifications to Clients**

We maintain sufficient records to demonstrate that we have executed client orders in accordance with this Policy. If requested, we will review the execution of an order in respect of which we have provided Best Execution to confirm that it has been executed in accordance with this Policy.

## Annex I

### Application of Best Execution by reference to specific products

#### 1 General Application of Best Execution

The majority of our orders with clients are conducted on a request for quote (“**RFQ**”) basis. This is where we provide a firm risk price in response to a request for a quote. In such circumstances FAB will be acting in a principal capacity with any resultant transaction being executed against its proprietary capital.

Where an order is made via RFQ we **generally take the view that Best Execution does not apply**, where such transactions have the following characteristics:

- (i) you approach and request us to provide you with a quote;
- (ii) you have access to a number of different dealers to provide you with quotes and it is generally accepted market convention in the relevant markets that participants will shop around; and
- (iii) you have (or can be reasonably assumed to have) transparency on the prices at which transactions can be effected in the market.

However, in RFQ situations where these characteristics are absent or where we may exercise discretion of the execution of your order, this may cause our Best Execution obligation to apply.

## 2 Application to Product Types

Product Type	Order Types Available
<b>Credit Products</b> (includes: Bonds and Credit Default Swaps)	<ul style="list-style-type: none"> <li>• RFQ</li> </ul>
<b>FX Products</b> (includes: FX Swaps, FX Forwards, Cross Currency Swaps)	
<b>Interest Rate Products</b> (includes: Interest Rate Swaps, Overnight Interest Rate Swaps, Interest Rate Options (Caps, Floors, Collars))	
<b>Money Market Products</b> (includes: FAB Certificates of Deposit (Issuance, Buy-Back and Switches))	
<b>Bond Repos and Bond Lending Products</b> (includes: Repos, Reverse Repos, Total Return Swaps (Synthetic Repos) and Securities Lending. The underlying instruments for such products will be Bonds)	
<b>Other Derivative Products</b> (includes: other Derivatives (including Bespoke Derivatives) not included above as agreed on an order by order basis)	

## 3 Execution Factors

Where Best Execution is applicable we shall consider the Execution Factors in accordance with Section 5 of the Policy. Generally, we would expect price to be the most significant factor for our Accredited Investor and Expert Investor clients. However, as stated in Section 6 and Section 8 of this Policy, there may be circumstances where, depending on the nature of the transaction, the factors vary and other Execution Factors should be prioritised over price. The significance of the Execution Factors may vary depending on the market in question or the nature of your order. We will use our experience and expertise to achieve the best outcome across all factors.

Where Best Execution is applicable to over-the-counter products (including Bespoke Derivatives), it may not be possible to apply Best Execution as applicable to other orders or products. In such cases, we will check the fairness of the price proposed to you by gathering market data used in the estimation of the price of such product and, where possible, by comparing it with similar or comparable products.

## Annex II Execution Venues

This table sets out the execution venues and brokers which FAB SG uses to clear its own market risk to achieve the best possible results on a consistent basis at the date of publication of this Policy. We will assess this list at least annually. Please note that we may use other execution venues or brokers or add or remove any execution venue or broker from this list if we determine it is appropriate to do so.

Product Type	Execution Venues (non-exhaustive)
Credit Products	<ul style="list-style-type: none"> <li>• FAB HO and its affiliates</li> <li>• Reuters</li> </ul>
FX Products	<ul style="list-style-type: none"> <li>• EBS</li> <li>• Bloomberg</li> <li>• Market Axess</li> </ul>
Interest Rate Products	<ul style="list-style-type: none"> <li>• Nittan Capital</li> <li>• Tradition</li> <li>• BGC</li> </ul>
Other Derivative Products	<ul style="list-style-type: none"> <li>• GFI Group</li> <li>• Amstel</li> <li>• ICAP</li> </ul>
Money Market Products	<ul style="list-style-type: none"> <li>• Interbank liquidity providers</li> <li>• Inter-dealer brokers</li> </ul>