



ZION STOCKBROKERS & SECURITIES LIMITED

BEST EXECUTION POLICY

# **ZION STOCKBROKERS & SECURITIES LIMITED**

## **BEST EXECUTION POLICY**

### **INTRODUCTION**

- 1.1 This policy is issued in compliance with SEC/NGX directive as applicable to Zion Stockbrokers & Securities Limited (Zion Stockbrokers).
- 1.2 Our aim at all times is to ensure that our clients obtain the best possible execution result for their orders/mandates. To this end, it is important that we have a policy in place which guides & ensures that we take reasonable steps to deliver best execution at all times when executing orders on behalf of our clients in relation to financial instruments.
- 1.3 This policy summarizes steps and procedures taken by Zion Stockbrokers and factors that affect the execution of client's mandates in terms of timing and market volatility.
- 1.4 This policy applies to Zion Stockbrokers' retail, high net worth and institutional clients. It also applies to all clients that make use of our online real time stockbroking platform.
- 1.5 When a client has not given a specific instruction regarding how a mandate should be executed, Zion Stockbrokers will execute the order as stated in the policy.
- 1.6 The financial instruments or products referred to in this policy document includes Stocks, Bonds, ETFs and OTC transactions traded via NASD platform.
- 1.7 Zion Stockbrokers will only execute an order when a valid mandate has been received. "Valid" in this case refers to the acceptable means of communicating a mandate as stated in our terms and conditions.
- 1.8 Execution of a purchase order is dependent on the full consideration of that order being available while for a sales order, its dependent on the availability of the stock(s) in the client's account at the point of receipt of mandate.
- 1.9 Zion Stockbrokers' commitment to provide best execution does not imply that we will owe fiduciary responsibilities over and above specific regulatory obligations placed upon us or may be otherwise contracted between us.

### **APPROACH TO BEST EXECUTION**

- 2.1 Zion Stockbrokers will always take reasonable steps to ensure clients' order's best execution, considering all relevant factors which include price, speed, settlement, size, likelihood of execution and other factors that may be applicable.
- 2.2 when considering these factors, Zion Stockbrokers will take into account:
  - The Characteristics of the order
  - The Characteristics of the Financial Instrument
  - The Characteristics of the platform through which the order will be executed

<b>INSTRUMENT TYPE</b>	<b>PLATFORM</b>
EQUITY	NGX, NASD, OTC
BONDS	NGX, OTC, FMDQ
OVERSEAS EQUITIES, GDR	OFF MARKET

## **ELEMENTS OF BEST EXECUTION**

- 3.1 We assign great importance to the various factors underpinning the execution process and our policy is based on the following main criteria:
- 3.2 **Price:** Depending on the order terms, we make it a point of duty to execute orders at the best available price on behalf of our clients. Prices that reflect on our online platform are the prevailing market price which is received directly from the Exchange through the FIX system. Our trading platform provides clients with promptly updated prices which can be trusted and relied upon.
- 3.3 **Speed & likelihood of execution:** Speed is a critical factor in ensuring best execution considering the fact that the stock market can be very volatile. We always aim to ensure swift execution of all client orders. Orders placed via our online platform are executed in real time on the exchange. It is however possible that at times due to IT challenges, there is a lag, likelihood of execution goes hand in hand with speed as the order terms and the liquidity of the particular instrument will determine the speed of execution. We will strive to execute all valid orders without specific limit, within two (2) minutes of receipt, while attempts would also be made to ensure best price.
- 3.4 **Size & Market Impact:** Zion stockbrokers consider the size of orders and the impact of the size on the market when executing clients' mandate(s). Certain volumes need to have the necessary regulatory approvals before execution and these will be duly communicated to clients before execution.
- 3.5 **Execution Quality:** Zion Stockbrokers draws on its experience in the market and that of its traders and dealers in providing quality and reliable executions at all times.

## **CLIENT CLASSIFICATION**

- 4.1 **Retail Clients:** Zion Stockbrokers considers best outcome for retail clients. This means best total consideration being the purchase price at which an order was executed plus transaction costs being total costs passed to the clients, or the sale price at which an order was executed minus transaction costs, leaving proceeds passed to client as net of transaction costs. Orders received by Zion Stockbrokers

will be executed on a **price-time priority basis** unless a specific instruction to the contrary was received with the order.

- 4.1.1 Zion Stockbrokers have little or no interference with the execution of orders placed via our online portal. Orders placed via our real time on-line portal hit the Exchange directly and will be executed immediately if the order terms are fully satisfied.
- 4.1.2 Clients placing orders as in 4.1.1 above are encouraged to ensure proper understanding of order terms to achieve best execution. Clients are encouraged to use the various types of orders to limit their risk and also ensure best execution. Some of these order types are discussed and only apply to equity orders.
- 4.2 **Wholesale Clients:** In this context, we refer to High Net Worth clients and Institutions (Local & Foreign). Best execution will include the consideration of all factors relevant to the client when an instruction is given. These factors include price, execution costs, speed, likelihood of executing and settlement, size, nature and any other consideration relevant to the execution of the order in question.
  - 4.2.1 In executing an order for a wholesale client, Zion Stockbrokers will consider the client's characteristics, characteristics of the order and the characteristics of the instrument.
  - 4.2.2 Although Zion Stockbrokers would ordinarily expect price to have a high degree of importance relative to the other factors, its precise importance in the context of any given order will depend upon the criteria specified above and may also be affected by the specific instructions. Where an order is large relative to market volumes, the timing of execution and the market impact of that order will be a major consideration.

## **EXECUTION VENUES**

- 5.1 **Equity:** Zion Stockbrokers is a Dealing Member Firm of the NGX Group Plc and will execute equity transactions via the Exchange. This medium will be used for all transactions (sales/purchases) in shares of public companies that have been listed on the Exchange.
- 5.2 Zion Stockbrokers is a licensed Broker/Dealer firm with NASD. This implies that we can also execute orders on shares of unquoted public companies in Nigeria for our clients.
- 5.3 Zion Stockbrokers will also execute other OTC equity transactions for shares that are not traded on the platforms discussed above.
- 5.4 Zion Stockbrokers Limited is a pan African brokerage firm and can execute equity orders in other African countries through our partnering with stockbroking firms in these countries.
- 5.5 Bond transactions are executed via the Stock Exchange for government.

## ORDER TYPES

- 6.1 When placing an order in volatile markets, it is important for clients to consider the use of order types to ensure best execution in terms of price to minimize risk. These order types apply to equity transactions.
- 6.2 **Market Order:** When an order is placed at market by a client, an instruction has been given to execute the trade of a given quantity as prompt as possible at the prevailing market price. It should be noted that the prevailing market price differs from the previous day's closing price with a market order, the client is exposed to the risk of an upward movement in price which could be different from the price at the time the order was placed.
- 6.3 **Limit Order:** A limit order enables clients to set a maximum purchase price or a minimum sale price at which an order could be executed. The risk with a limit order is that price could be set outside the market price. This means that the order might not get executed immediately and will only be executed when the price gets to the limit set by the clients.
- 6.4 **Stop Order:** A stop order is different from a limit order as it allows selling below the current market price or buying above the current market price if the stop price is reached or breached.
- 6.5 **Stop Limit Order:** A stop limit order is a variation of a stop order with a lower (higher) limit price to suspend trading if the price falls (rises) too far before the order is filled restricting transaction to a predefined price range.

## MONITORING AND REVIEW

- 7.1 Zion Stockbrokers will monitor the effectiveness of our Best Execution policy and arrangements to identify and, where appropriate, correct any deficiencies. Zion Stockbrokers maintains an Incident and Breach Register where any issue related to Best Execution or breach of the relevant legislation is recorded.
- 7.2 Zion Stockbrokers has an executive charged with the responsibility of the day to day supervision of the policy and there is a monthly review of controls in place.
- 7.3 Zion Stockbrokers will carry out an annual review where there has been no change in the intervening 12-month period. Whenever a material change occurs that affects Zion Stockbrokers' ability to obtain the best result for its clients, it will notify its clients of these changes via its website or by email.

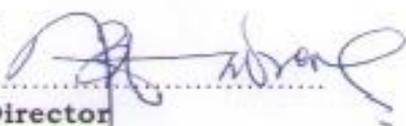
**GENERAL BUSINESS TERMS**

8.1 This policy is subject to Zion Stockbrokers' Business Terms and other business terms which governs the relationship between the Company and her clients. Further information on order execution can be found in our Terms and Condition.

**SYSTEMS FAILURE**

When we experience a system failure or other circumstance that affects our ability to execute orders, orders may be executed in a manner that differs from the best execution arrangements set out in this policy document. We will make every effort to execute Orders on the best available option in the relevant circumstances.

Last reviewed...<sup>20<sup>th</sup></sup>.....August, 2021

Signed:   
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Director

  
.....  
Director