

BEST EXECUTION POLICY

CRANE SECURITIES LIMITED

(Member of the Nigerian Stock Exchange)

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INTRODUCTION

- 1.1 This policy provides an overview of how Crane Securities Ltd executes orders on behalf of clients, the factors that can affect the timing of execution and the way in which market volatility plays a part in handling orders when buying or selling stocks/ financial instrument.
- 1.2 This policy applies to Crane Securities Ltd execution of orders on behalf of retail clients and professional clients as defined by the Rules.
- 1.3 Where Crane Securities Ltd provides a quote to a client or negotiates the terms of an Over-the-Counter ("OTC") transaction with Crane Securities Ltd as counterparty; the firm will normally not be acting on the client's behalf. In these situations, Crane Securities Ltd will not owe a duty of best execution under the Rules, and this policy will therefore not apply. This policy does not create any obligation on Crane Securities Ltd that it does not have under the Rules.
- 1.4 Upon acceptance of a client order and when there is no specific client instruction regarding the execution method, Crane Securities Ltd will execute an order in accordance with this policy.
This policy applies to financial instruments and products as defined by the Rules, including Stocks, Bonds, Exchange Traded Funds ("ETFs"),
- 1.5 When executing orders Crane Securities Ltd will take all reasonable steps to obtain the best possible result under the circumstances for the client taking into account price, costs, speed, likelihood of execution and settlement, size, nature or any other consideration relevant to the execution of the order ("Best Execution").

1.6 When considering the best executing factors, Crane Securities Ltd takes into account:

- The characteristics of the client order;
- The characteristics of the financial instruments that are subject to that order (in particular in relation to OTC financial instruments); and
- The characteristics of the execution venues to which that order can be directed.

1.7 When Crane Securities Ltd executes orders on behalf of retail a client, Best Execution is determined on the basis of the total consideration paid by the client, unless the objective of execution of the order dictates otherwise.

1.8 Whenever there is a specific instruction from or on behalf of a client; Crane Securities Ltd will to the extent possible execute the order in accordance with the specific instruction. A specific instruction from a client may prevent Crane Securities Ltd from taking the steps that it has described in this policy to obtain the best possible result for the execution of orders. Trading rules for specific markets may prevent Crane Securities Ltd from following certain of the client's instructions. To the extent that a client instruction is not complete, the firm will determine any non-specified components of the execution in accordance with this policy.

ELEMENTS OF BEST EXECUTION

2.1 The procedure for routing determinations is mainly based on four criteria and is regularly reviewed by Crane Securities Ltd Assets & Trust Ltd. Hence to determine the best way to execute an order for a client the firm takes into consideration:

2.2 Speed and Likelihood of the Execution:

Due to the levels of volatility affecting both price and volume, Crane Securities Ltd seeks to provide client orders with the fastest execution reasonably possible although delays may occur.

2.3 Price Improvement and Overall Consideration of Costs: Orders are routed to market makers and/or market centres where opportunities for price improvement exist. The criteria to be used by other market-makers and/or market centres include:

- Automatically matching incoming market and limit orders to pending limit orders;

- Crossing transactions where price improvement can be offered to one or both sides of the trade.

2.4 **Size Improvement:** In routing orders, Crane Securities Ltd seeks markets that provide the greatest liquidity and thus potential for execution of large orders. Crane Securities Ltd also seeks opportunities for client orders to benefit from order- size commitments offered by third parties.

2.5 Overall Execution Quality: When determining how and where to route or execute an order, Crane securities' traders draw on extensive day-to-day experience with various markets and market makers, focusing on prompt and reliable execution.

EXECUTIONS OF CLIENT ORDERS

- a) Crane Securities Ltd uses automated systems to route and execute client orders. When a client order is received by the firm, it is routed to the execution venue that Crane Securities Ltd considers to generally provide the Best Execution or kept in house for products which Crane Securities Ltd trades against its own proprietary desk (e.g. some OTC products). Crane Securities Ltd may execute orders outside regulated markets and multilateral trading facilities.

- b) For instruments admitted to trading and official listing on a regulated market or stock Exchange (i.e. Bonds, Stocks, and ETFs).

EFFECTS ON ORDER EXECUTION

Clients should be aware of the following risks associated with volatile markets, especially at or near the open or close of the standard trading session:

- Execution at a substantially different price from the quoted bid or offer or the last reported sale price at the time of order entry, as well as partial executions or execution of large orders in several transactions at different prices.

- Delays in executing orders for financial instruments that Crane Securities Ltd must send to external market maker and manually routed or manually executed orders.

- Opening prices that may differ substantially from the previous day's close.

- Locked (the bid equals the offer) and crossed (the bid is higher than the offer) markets, which prevent the execution of client trades.
- Price volatility is one factor that can affect order execution. When clients place a high volume of orders with brokers, order imbalances and back logs can occur. This implies that more time is needed to execute the pending orders. Such delays are usually caused by the occurrence of different factors
 - a. The number and size of orders to be processed,
 - b. The speed at which current quotations (or last-sale information) are provided to Crane Securities Ltd and other brokerage firms; and
 - c. The system capacity constraints applicable to the given exchange, as well as to Crane Securities Ltd and other firms.

TYPES OF ORDERS

Given the risks that arise when trading in volatile markets, the client may want to consider using different types of orders to limit risk and manage investment strategies. (It should be noted that the following descriptions of order types may apply only to some and not all types of financial instruments).

- A. **Market order:** With a market order the client instructs a financial institution or trading counterparty to execute a trade of a certain size as promptly as possible at the prevailing market price. Financial institutions are required to execute market orders without regard to price changes. Therefore, if the market price moves significantly during the time it takes to fill a client's order, the order will most likely be

exposed to the risk of execution at a price substantially different from the price when the order was entered.

Some Exchanges do not support market orders. If the client places a market order in these markets, Crane Securities Ltd will automatically translate the order to an aggressive limit order within a certain percentage limit "in the money". It is the clients' own responsibility to check the order is traded in the market after order entry. If the client experiences or suspects any errors with his/her order the client should contact Crane Securities Ltd immediately.

Some of Crane Securities 's third party execution brokers may choose to translate market orders on various markets into aggressive limit orders 3 – 5 % in the money. This is often a result of Exchange rules applied to protect clients from "bad fills". Crane Securities Ltd cannot be held responsible for missing fills due to such translation performed by third party execution brokers.

- B. Limit order:** With a limit order, the client sets the maximum purchase price, or minimum sale price, at which the trade is to be executed. As a limit order may be entered away from the current market price, it may not be executed immediately. A client that leaves a limit order must be aware that he/she is giving up the certainty of immediate execution in exchange for the expectation of getting an improved price in the future. Limit orders may be routed to an exchange without human intervention.
- C. Stop order:** Different from a limit order, a stop order allows selling below the current market price or buying above the current market price if the stop price is reached or breached. A stop order is therefore a "sleeping" order until the stop price is reached or breached.

- D. **Trailing stop order:** The trailing stop order is a stop order as described in previous section, but the trailing stop price moves according to parameters set by the client. This way the trailing stop can be used to sell if the price drops more than a specified distance from the highest price traded or to buy if the price trades above a set level from the lowest traded price.
- E. **Stop Limit Order:** A stop limit order is a variation of a stop order as described in previous section with a lower (higher) limit price to suspend trading if the price falls (rises) too far before the order is filled restricting trading to a predefined price range.

Crane Securities Ltd will review this policy annually and whenever a material change occurs that affects Crane Securitas's ability to obtain the best possible result for the execution of client orders.

Crane Securities Ltd regularly reviews the overall quality of its order executions and its order routing practices, including its order routing vendors and the available exchanges. Crane Securities Ltd will amend this policy on the basis of such reviews if it considers it to be necessary. Any new policy will be made available on our websites and will be in force as from publication.

Best Execution Policy

This document have been reviewed and approved by the Board of Crane Securities Limited.



O.M.EZEH

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Managing Director