

**NIGERIAN STOCKBROKERS LIMITED**  
**(Trading Licence Holder)**



**BEST EXECUTION POLICY**

**Table of Contents**

**CONTENTS**

1. Introduction	3
1.1 General	3-4
2. Guiding Principles	5
2.1. Loyalty, Prudence & Care	5
2.2 Fair Dealing	5
2.3 Suitability	5
2.4 Performance Presentation	6

2.5 Confidentiality	6
2.6 Disclosure of Conflicts	7
2.7 Priority of Transactions	7
2.8 Receipt of Orders	7
2.9 Clients Identification	8
3. Execution procedures	9
3.1. Order Execution	9
3.2 Best Execution Factors	9
3.3 Execution Venues	10
3.4 Clients Instruction	10
3.5 Order Handling	11
3.6 Order Aggregation	12
3.7 Broker Approval Process	12
4 Monitoring and Review	13
5. Fiduciary Duty and Clients consent	14
5.1. No Fiduciary Duty	14
5.2. Force Majeure and other events	14
5.3. Client Consent	14



***Incorporation and History***

Nigerian Stockbrokers Limited ('NSL' / 'the company') was incorporated as the first stockbroking firm in Nigeria under the Companies Ordinance Cap 38 on 26th September 1960. Prior to the implementation of the Nigerian Enterprise Promotion Act 1972 ('Indigenisation exercise') NSL was wholly owned and

managed by Financial Holdings Nigeria Limited ('FHNL'). Following the Indigenisation exercise, the interest of FHNL was transferred to some Nigerian citizens and association. NSL is, therefore, a wholly owned Nigeria company.

The Company obtained a Broker/Dealer license from the Securities and Exchange Commission ("SEC") in 1995 and subsequently became an Authorized Dealer of the Nigerian Stock Exchange ("NSE"). NSL had a composite licence for its business operations from the Securities & Exchange Commission (SEC).

Nigerian Stockbrokers Limited (NSL) is a first class Investment banking Group. The authorized and paid-up share capital steadily increased over the years to meet both business and regulatory requirements. Since the Management Buy –Out in 2016, NSL has been modelled after major international investment banking institutions. The Company is ably managed by a team of time-tested and visionary professionals. It has since grown steadily in the various aspect of capital market operation and has NSL Capital Partners Limited as a subsidiary with operations in the Investment Banking and Capital Advisory space of the market.

NSL's Corporate Head Office is located at Knight Frank Building, 6th floor, 24 Campbell Street, in the Central Business District of Lagos Island, Lagos State, which provides a convenient environment for clients away from the busy city centre; thus facilitating personalized and efficient service delivery to its numerous corporate and individual clients.

**1. *Introduction***

1.1 **General**  
Nigerian Stockbrokers Limited (“NSL / the Company”) and its members of staff are required to exhibit high ethical and professional standards in the execution of clients’ mandates. The company is required to take all reasonable steps to obtain the best possible result (or “best execution”) on behalf of its clients either when executing clients’ orders or receiving and transmitting orders for execution.

In this regard, the Company has put in place an Order Execution policy which sets out how it will obtain best execution for its clients and to provide appropriate information to its clients on its Order Execution policy.

The objective of this policy is to ensure the timely and accurate execution of clients’ mandates with minimal latency.

This Order Execution policy applies to all Clients (Retail, Professional, High Net worth, Corporate and other Institutional investors) of NSL dealing in Financial Instruments.

This duty of best execution only applies when executing orders “on a client’s behalf”. NSL will be executing an order “on a client’s

behalf” where the client legitimately relies on NSL to protect his or her interests in relation to the pricing or other aspects of the transaction that may be affected by how NSL executes the order.

## **SECTION 2 GUIDING PRINCIPLES**

### **2.1 LOYALTY, PRUDENCE, AND CARE**

All members of staff have a duty of loyalty to all clients of the firm and must act with reasonable care and exercise prudent judgment. Staff must act for the benefit of clients and place clients’ interests before the firm’s or their own personal interests.

### **2.2 FAIR DEALING**

All staff must deal fairly and objectively with all clients when providing investment analysis, making investment recommendations, taking investment action, or engaging in other professional activities.

There should not be biasness of segregation of clients in executing client’s mandates.

### **2.3 SUITABILITY**

When members of staff are in an advisory relationship with a client, they must make a

reasonable inquiry into the client’s or prospective client’s investment experience, risk and return objectives, and financial constraints prior to making any investment recommendation or

- I. Taking investment action and must reassess and update this information regularly.
- II. Determine that an investment is suitable to the client’s financial situation and consistent with the client’s written objectives, mandates, and constraints before making an investment recommendation or taking investment action.
- III. Judge the suitability of investments in the context of the client’s total portfolio.

When members of staff are responsible for managing a portfolio to a specific mandate, strategy, or style, they must make only investment recommendations or take only investment actions that are consistent with the stated objectives and constraints of the portfolio.

### **2.4 PERFORMANCE PRESENTATION**

When communicating investment performance information, members of staff must make reasonable efforts to ensure that it is fair, accurate, and complete.

## **2.5 CONFIDENTIALITY**

Members of staff must keep information about current, former, and prospective clients confidential unless:

- a) The information concerns illegal activities on the part of the client or prospective client,
- b) Disclosure is required by Law,
- c) The client or prospective client permits disclosure of the information.

## **2.6 DISCLOSURE OF CONFLICTS**

Members of staff must make full and fair disclosure of all matters that could reasonably be expected to impair their independence and objectivity or interfere with their respective duties to existing clients, prospective clients, and the firm. In addition, members of staff must ensure that such disclosures are prominent, are delivered in plain language, and communicate the relevant information effectively.

## **2.7 PRIORITY OF TRANSACTIONS**

Investment transactions for clients and the firm must have priority over investment transactions in which a member of staff is the beneficial owner.

## **2.8 RECEIPT OF ORDERS**

- I. No order shall be placed on the system before the receipt of confirmation of the orders from clients
- II. Every mandate to be executed shall be filled on an order form which shall contain details of the mode of receipt of the client's mandate;

In the event that a client gave his/her mandate using an electronic means ***(SMS, E-mail, or any other means from which***

- III. ***a mandate in print can be generated and/or stored***) different from the usual means he/she is known to use or contained in his account opening/update package, the mandate shall be re-confirmed from the client via the means he/she is known to use.

## **2.9 CLIENTS' IDENTIFICATION:**

- I. Every order form in respect of an executable mandate shall be identified

by an officer who must verify the true identity of the client placing the mandate and must have been satisfied in that respect.

- II. Verifying the identity of a client shall be made against the records of the client supplied by him/her upon the opening or update of his account.

## **SECTION 3**

### **EXECUTION PROCEDURES**

#### **3.1 ORDER EXECUTION**

When executing Clients' Orders, NSL will always act in the best interests of its clients and will take all reasonable steps to obtain the best possible results for its clients taking into account the criteria and factors set out below, subject to any instruction given by its client (see section 3.4).

#### **3.2 BEST EXECUTION FACTORS**

When executing an order on behalf of its clients, NSL will determine the relative

importance of the best execution factors based on its experience and judgment, in the light of available market information with the prime aim of prompt, fair and expeditious execution of trades.

The Execution Factors to be taken in to account when executing Clients' Orders include, but not limited to:

- Price
- Size and nature of the Order
- Cost or commissions of execution
- Execution capability / speed
- The current liquidity for the relevant instrument
- The size and nature of the order
- Market impact of the transaction
- Likelihood of settlement

NSL may also take into account other factors or criteria relevant to the execution of the order. The general market understanding is that the best possible results for a client would be determined by the price and/or the liquidity of the market.

However, NSL may decide, in its absolute discretion, that in certain circumstances,

other factors are more important in determining the best possible results.

### **3.3 EXECUTION VENUES**

Nigerian Stockbrokers Limited uses its own offices for execution of Clients Orders and providing best execution.

The list of the Execution Venues typically used by us is as follows:

- The Nigerian Stock Exchange
- NASD

### **3.4 CLIENT INSTRUCTIONS**

Where a Client gives a specific instruction for the execution of his Order, NSL will execute the order in accordance with those instructions and to that extent, NSL will not owe the Client a duty of Best Execution. To the extent that the specific instructions relate to only one or some aspects of the Order, NSL will determine any unspecified aspects in accordance with its Best Execution Policy.

The Client should be aware that providing specific instructions in relation to the execution of Orders may prevent the Company from following or taking some or all of the aforementioned steps in its Best

Execution Policy to obtain the best possible result for the execution of that Client's Order (to the extent of the instructions). These transactions will be deemed to have achieved the best possible result for the clients.

While NSL will take all reasonable steps based on the resources available to its and depending upon the market conditions and circumstances as then prevalent to enable it to provide best possible results to Clients, NSL cannot guarantee that it will always be able to provide best execution to each and every order executed on Clients behalf particularly where specific instructions as to all or part of Order are given.

### **3.5 ORDER HANDLING**

NSL will review execution venues to ensure that they record and execute otherwise comparable orders sequentially and timed to coincide with receipt of the order unless the characteristics of the order or market conditions make it impractical to do so, or if the client's interests demand otherwise.

### **3.6 ORDER AGGREGATION**

Depending upon the circumstances, market conditions and order size, NSL may aggregate the client order with those of other clients or transactions on its own account.

This aggregation is not considered to compromise the client interest although some disadvantage, in relation to any particular order, may occur.

### **3.7 BROKER APPROVAL PROCESS**

Where Nigerian Stockbrokers Limited appoints or commissions a Sub-broker in the execution of Clients Orders, it will adopt the following procedures in relation to its selection of Sub-brokers. Before adding a Sub-broker to its list of counterparties, NSL will evaluate the Sub-broker:

- Competitiveness of commission rates and spreads
- Promptness of execution
- Past history in executing orders
- Clearance and settlement capabilities
- Quality of service
- Willingness to commit capital
- Access to initial public offerings
- Access to markets
- Perceived creditworthiness, reputation and financial stability

The selection of its execution partners is monitored regularly and reviewed by NSL at least once a year.

## **SECTION 4 MONITORING AND REVIEW**

NSL will monitor regularly its order execution arrangements and the quality of both its execution and that of third parties to whom NSL have commissioned to execute its Orders. This will enable the Company identify and implement changes to its policy and execution arrangements as necessary.

NSL will carry out review of its best execution policy at least annually and whenever a material change occurs that affects its ability to continue to obtain the best results for its clients.

NSL will also monitor the effectiveness of its best execution policy and execution arrangements to identify and where appropriate correct any deficiencies. This will include an assessment of whether the Execution Venues included in this policy continue to provide the best possible result for its clients.

In general, this Policy shall be reviewed annually and Nigerian Stockbrokers Limited shall notify clients of any material changes to this policy and execution arrangements.

## **SECTION 5 FIDUCIARY DUTY & CLIENT CONSENT**

### **5.1 NO FIDUCIARY DUTY**

Its commitment to provide Clients with 'best execution' does not mean that NSL owes any Client any fiduciary responsibility over and above the specific regulatory obligations placed upon the Company or as may be otherwise contracted between NSL and its Clients.

### **5.2 FORCE MAJEURE AND OTHER EVENTS**

Client Orders may not be received, or may not be executed in accordance with the policy, due to situations beyond the Company's reasonable control, including act of God or disaster, abnormal market conditions, regulatory requirements, etc. NSL will not be bound to provide best execution in such circumstances.

### **5.3 CLIENT CONSENT**

NSL is required to obtain Clients consent to its Best Execution Policy and other matters as outlined above.

This Manual has been Reviewed and Approved by the Board of Directors of Nigerian Stockbrokers Limited at its meeting.

This 28<sup>th</sup> Day of March, 2024

