

## ICICI Bank Singapore Branch Order Execution Policy

### 1. Purpose of the Policy

As per the Guidelines to MAS Notice SFA 04-N16 On Execution of Customers' Orders, ICICI Bank Limited, Singapore Branch ("the Branch"/ "the Bank") is required to put in place an Order Execution Policy ("Policy") and to take sufficient steps to obtain the best possible result (or "Best Execution") on behalf of its clients (other than Institutional clients), either when executing client orders, or receiving and transmitting orders for execution. The Branch is also required to provide appropriate disclosure to its clients on its Order Execution Policy. This document summarises the Branch's arrangements for executing orders with respect to Capital Market products as defined under as defined under Securities and Futures Act 2001 (SFA) on behalf of its clients.

### 2. Scope

This policy applies only to those clients who are classified as Retail (Non-Accredited Investors), Accredited Investors or Expert Investors as defined under Securities and Futures Act 2001 (SFA). Clients who are classified as Institutional Investors by the Branch under Securities and Futures Act 2001 (SFA) are not entitled to any protections established in this Policy. Additionally, this Policy does not cover the situations set out in 5 below.

### 3. Definitions

3.1 Best Execution: When executing orders on behalf of clients, the Branch will take sufficient steps to achieve best possible result for the client, considering the instructions given by the client as well as other execution factors.

3.2 Execution Factors: While executing client orders the branch will take into account the factors like size, price, liquidity, cost, speed of execution, likelihood of execution and settlement, size and nature of the order and any other considerations relevant to the execution of the client order.

3.3 Execution Criteria: The relative importance of the execution factors on each of the orders will be influenced by the, nature of the client order, the financial products the order relates to, the priorities of the client and the nature of the venue available for execution of that particular order.

3.4 Best Interests: When placing orders to be executed on behalf of the client to any Execution Venue (which may be part of the ICICI Bank Group), the Branch will act in best interests of the customer by taking all sufficient steps to obtain the best possible results for the client.

3.5 Order: "Order" in relation to a customer, means an order for the purchase or sale of any capital markets product, which a capital markets intermediary will:

- (a) place or execute, or both, as the case may be, on behalf of the customer; or
- (b) execute with the customer.

3.6 Institutional Investor: "Institutional Investor" has the same meaning as in section 4A of the Securities and Futures Act 2001;

3.7 Customer/Client is defined "in relation to a capital markets intermediary carrying on business in dealing in capital markets products, a person, other than an institutional investor, on whose behalf, or with whom, the capital markets intermediary (either directly or through its agent) deals or will deal in capital markets products".

3.8 Execution Venues means any venue/ entity including multibank trading facilities, other market platforms, any entity (including third party entities as well as entities within ICICI Bank Group), that are available to the Branch for placing and execution of orders.

### 4 Direction

4.1 The Branch has a duty to take sufficient steps to obtain the best possible result for all its clients, especially when it executes orders directly on their behalf. The Branch will satisfy this obligation by selecting appropriate 'Execution Criteria' where it consistently achieves best execution.

When the Branch receives orders from the client and passes them on to a Execution Venue for execution, the Branch has a duty to act in the best interests of the client and to take all sufficient steps to obtain the best possible results for the Customer on the execution of the orders by an Execution Venue. The Branch will satisfy this obligation by selecting Venue, which have execution arrangements in place that enable the Branch to comply with its obligations to its clients. In practice, this will mean choosing the entities most likely to deliver the best possible results for the clients on a consistent basis. However, the Branch will not be held liable for any order given to third party Execution Venues, which are not subsequently honoured by the third party venues.

4.2 Please see Section 6, 7 and 8 for further information on Execution Venues, Execution Factors and Execution Criteria.

4.3 Part of the duty of the Branch is to provide adequate disclosure to all its customers (both new and existing customers) on its Best Execution policies. Disclosure to the branch's clients about the application of this Policy to the customer orders will be made before accepting any order from the clients.

### 5. Exceptions and Modifications

5.1 The obligations established in this Policy extend to transactions executed with or through the Branch. This policy does not apply to the customer's relationship with other ICICI Bank entities.

5.2 When the Bank provides quotes or negotiates a price with the client, as an Accredited Investor or Expert Investor, it is assumed that the client is not legitimately relying on the Bank to achieve best execution. However, the Branch will also apply the four-fold test to determine whether it owes best execution to the Accredited Investors/ Expert Investors.

The four-fold test will consider the following parameters:

- which party initiates the transaction;
- questions of market practice and the existence of a convention to 'shop around';
- the relative levels of price transparency within a market; and
- the information provided by the Bank and any agreement reached

Where the consideration of the above factors concludes that the client is not legitimately relying on the Branch, then best execution will not apply.

In contrast to an Order, a RFQ (request for quote) is when a client requests a quote from a firm or group of firms and then chooses to execute the trade at the price quoted (or reject the price and decline to trade). In cases where there is no legitimate expectation that the client is relying on the Branch to protect their interests in relation to pricing and other aspects of execution then best execution obligation does not apply to RFQ oriented transactions, as the client is then deemed to be responsible for deciding whether the price offered is the best price available. This can usually be applied, for example, in relation to the trading of wholesale OTC derivatives and bond markets in the case of Accredited Investors and Expert Investors. However, this is not to be assumed in the case of Retail Investor clients.

The policy will exclude Mutual Fund (MF)/ Collective investment schemes (CIS) since the role of the Branch is limited to obtaining the orders from the customers and transmitting the orders to the fund houses (Third party). Fund Houses are responsible to provide Net Asset Value (NAV) i.e. price to the customers for the transactions which is modified only on day end. Other execution criteria are also taken care by the Fund House only i.e. cost are published in their term sheet, speed is ensured that the orders are executed by Fund House on the same day, likelihood of execution and settlement- All settlement are taken by the Fund House, size and nature of order- there is minimum lot required in placing the order and also there are no limit order permitted. The onus of adhering Best execution of orders in case of CIS/MF is on the fund management company i.e. Fund House as per MAS Response to Consultation Paper. However, as a Branch we will ensure that the orders are executed in best interest of the clients such as the order are transmitted and settlement of funds from/to fund house are within the reasonable time.

5.3 (i) In addition, Best Execution will not apply in the following situations for Accredited Investors and Expert Investors:

- Where the clients have made their own trading decisions using their discretion and are not legitimately relying on the Branch to act in their best interests to obtain the best possible result; Where the client deals with us on the basis of a quote published by us, or on the back of a quote we have provided at the client request. In some cases the client may choose not to accept the quoted price but will ask us to accept the order on their behalf and to wait for market conditions to allow for execution. In those instances, the Branch will owe the customer best execution. For the avoidance of doubt, best execution will be considered to be met if the order is executed at or better than a limit price as soon as market conditions allow.
- Where the client order is in relation to a Capital Markets Product which is not a regulated product, such as spot FX transactions.
- Where the Branch is providing the client with a service in relation to customised OTC products/ less liquid instruments and a product that involves a unique contractual relationship between the Branch and the Client, the Branch will endeavour to give best execution and fair price to the client, however it may not be possible to provide any comparisons with other transactions or instruments for the purposes of best execution and to that extent this policy would not apply

In scenarios other than those mentioned above, it may be noted that in the event the Bank takes a limit order from a client for any capital market product such as Fx Forward, Interest Rate Swap, the Branch will owe best execution to the Accredited Investors and Expert Investors.

5.3 (ii) In addition, best execution will not apply in the following situations for Retail Investor clients:

- Where the clients have made their own trading decisions using their discretion and are not relying on the Branch to act in their best interests to obtain the best possible result;
- Where the Branch is providing the client with a service in relation to customised OTC financial instruments that involves a unique contractual relationship between them and where it may not be possible to provide any comparisons with other transactions or instruments for the purposes of best execution, the policy will not apply to that extent.
- Where the Branch undertakes limit orders from clients for spot FX transactions. Presently, spot FX does not constitute as a regulated capital market product and hence is not subject to best execution requirements.

5.4 Best Execution may be modified in the following ways:

- Where the client has given specific instructions in relation to their order and the Branch executes the order in accordance with those instructions, this will override the Branch's duty of best execution to the extent of any inconsistency with the client's instructions (although the Branch may still have an obligation of best execution to the extent, for particular execution venue). The client may then receive a worse outcome on their order than if the Branch had acted in compliance with its policy, which will be at the client's own risk.
- Where a client's instructions relate to only part of the order, the Branch shall continue to apply its Best Execution policy to those aspects of the order not covered by those specific instructions. Clients should be aware that providing specific instructions in relation to the execution of a particular order may prevent the Branch from taking the steps set out in its Best Execution Policy to obtain the best possible result in respect of the elements covered by those instructions.
- Where the client has given an order which can only be executed on one particular execution venue, the Branch shall have complied with its best execution obligation by executing on that venue.

Further, it may be noted that there will be situations where the terms of this policy do not apply, in part or in total. In the event that the policy does not apply, the Branch shall still comply with its obligations to treat its clients honestly and fairly.

In a similar way to executing client orders directly, the Branch will take into account the execution factors and the execution criteria when placing or passing on the customer orders for execution.

Section 6, 7 and 8 lays out the information on the criteria, which determines how different venues are selected on which orders may be executed. These venues include, but are not limited to Multilateral Trading Facilities, Organised Trading Facilities, Market Makers and other providers of liquidity, including the Branch's own trading desk. This policy also sets out information on how different Venues are selected on which orders are placed on behalf of the client's or to whom the orders are passed for execution. The Branch will also assess, on a regular basis, the quality of execution afforded by those execution venues and whether it needs to change its execution arrangements.

## **6. Execution Venues**

6.1 In selecting venues for direct execution of the customer orders (including the Branch's own trading desk), or in selecting venues with whom the Branch are placing or passing orders for the clients (including ICICI Bank India), the Branch's primary considerations are Execution Factors. The relative importance of such considerations will be determined by reference to the attributes of the client order, the product to which the order relates and the available Execution Venues. Further, the Branch will also take into account certain qualitative factors such as trading time of the venue, number of market participants using the venue and reliability of service obligations.

6.2 Where there is only one appropriate Execution Venue available for execution of the client order, the Branch will only use that single venue to fill the order.

6.3 Where the use of one of the usual Execution Venues would not, in a particular situation, result in the best possible result on the client order, the Branch will consider other execution venues where available.

6.4 Not all Execution Venues which could provide a price for the capital market products are included. Reasons for exclusion include the costs of connecting to the venue, or the higher costs of executing on the client's behalf. This may mean that sometimes a better quoted price may have been available on another venue, but that the costs of executing the order there would make the cost to the client higher than the venues the Branch have selected.

6.5 In meeting its obligation to take all reasonable steps to obtain on a consistent basis the best possible result for the execution of the clients' orders, the Branch may use one or more of the following venue types when executing an order on the client's behalf:

- Multilateral Trading Facilities ;
- Organised Trading Facilities;
- Global Banks;
- The Branch's own account;
- Any other entity of ICICI Bank Group
- Third party investment firms and/affiliates acting as a Market Maker or other liquidity providers; and/or
- Regulated Entities performing similar functions/activities.

The Branch will either use its own trading desk, MTF venue viz. FXALL or deal OTC with its counterparties (including other ICICI Bank Group entities) for executing an order.

Considering the nature of products dealt by the Branch and the kind of clients it deals with the Branch will ensure it meets its obligations of best execution. In this respect, any client orders which are transacted through the Bank's trading desk will be done on an arms length basis.

All orders that the client places with the Branch are either executed as bilateral transactions with the Branch as a counterparty, or are taken on behalf of the client to be placed with counterparties as in the case of structured notes and bonds. However, it may be noted that the Branch will often enter back-to-back trades in respect of client orders with its liquidity providers (which may include entities within the ICICI Bank Group, as well as other execution venues). As such, the Branch will not always be a direct source of liquidity and the branch has provided information on the execution venues where it may execute order. Note, the prices that are quoted to the client may not match prices that are seen elsewhere or that are made available to the Branch by its liquidity providers. The rates include the Branch's margins and other Costs and Charges associated with providing the products to the client.

6.6 Where the Branch does not execute trades through its own trading desk, it shall assess which venues within the aforesaid list are likely to provide the best possible result for the clients on a product-by-product basis. In certain capital market products, there may only be one execution venue, and in executing a trade in such circumstances, it shall be presumed that the Branch has provided the best possible result in respect of these types of products.

## 7. Execution Factors

Unless the client gives specific instructions, the execution factors that we shall take into account in determining the manner in which the client's order will be executed are:

- Price
- Costs
- Speed
- Likelihood of execution or settlement
- Size of the order
- Nature of the order
- Any other consideration relevant to the efficient execution of the order

Price will ordinarily merit a high relative importance in obtaining the best possible result.

However, in some circumstances for some clients, orders, products or markets, the Branch may appropriately determine that other execution factors are more important than price in obtaining the best possible execution result.

The Branch may take into account a number of factors in quoting an all-in price. The all-in-price which is a price that includes a spread and/or margin above the price at which it would be able to transact would take into account the following factors:

- risk in undertaking the transaction
- any operational cost/ fees and
- any costs arising due to execution and
- tenor of the transaction
- capital and funding costs
- operational costs
- any pre-determined fee/spread charges agreed with the client
- any other factors

The contribution of each of these factors may be relative and vary from transaction to transaction. It will be the responsibility of the client to determine whether or not to accept the quoted all-in price.

When executing orders for Retail clients, the Branch shall take into account the fact that the client is a retail client and the characteristics of the execution venue to which we can direct their order including where appropriate the Branch's own trading desk. The best possible result must be determined in terms of the total consideration, representing the price of the capital market product and the costs related to execution, which must include all expenses incurred by the client which are directly related to the execution of the order, including fees, clearing and settlement fees and any other fees paid to third parties involved in the execution of the order.

For the purposes of ensuring that the Branch obtains the best possible result for the client when executing a retail client order in the absence of specific client instructions, the Branch should take into consideration all factors that will allow it to deliver the best possible result in terms of the total consideration, representing the price of the product and the costs related to execution, Speed, likelihood of execution and settlement, the size and nature of the order, market impact and any other implicit transaction costs may be given precedence over the immediate price and cost consideration only insofar as they are instrumental in delivering the best possible result in terms of the total consideration to the retail client.

## 8. Execution criteria

When executing a client order, the Branch must take into account the following criteria for determining the relative importance of the execution factors:

- The characteristics of the client (including the client's categorisation as retail or Accredited Investor/ Expert Investor)
- The characteristics and nature of the order;
- The characteristics of the product that are the subject of that order
- The characteristics of the execution venues to which that order can be directed

## 9. Handling client orders

The client may give us Orders to deal via a variety of methods:

- By telephone
- By written instruction (including electronic or mail or through order placement forms, as applicable)

Orders will be routed for execution in a timely manner and with due care. Orders will be handled in strict time order in which they are received at the execution desk.

There could be instances, where the Branch faces apparent conflicts of interests in handling orders. These conflicts are managed by placing the client's interests above the Branch's own interests at all times. If the Branch faces a conflict that is not manageable under these normal processes then, as a last resort the Branch shall notify the client at the time so that they may consider whether or not they still want the Branch to act for them in that transaction.

At the point of execution, the Branch will decide on which Execution Venue will give the best outcome for the client's order, and execute accordingly. In the case of retail clients, the total amount they will pay or receive (this will include the price of the product and any costs relating to execution including execution venue fees, clearing and settlement fees and any other fees paid to third parties involved in the execution of the order) will be the most important factor, irrespective of the product. This can only be over-riden in circumstances where the retail client instructs us that other factors are more important, or where, due to some other reason, executing on a specific execution venue would not be in the client's best interests despite the total consideration outcome.

#### **10. Reception and transmission of orders**

Subject to any specific instructions that may be given by the client, the Branch may transmit an order that is received from a client to its own trading desk, another ICICI Bank Group entity or to an third party Execution Venue , such as a third party broker/ entity, for execution. In doing so, the Branch must act in the client's best interests and also comply with the execution factors and execution criteria set out in above.

#### **11. Abnormal market Conditions**

This policy will not apply at a time of severe market turbulence, and/or internal or external system failure where instead the ability to execute orders on a timely basis, or at all, will become the primary factor. In the event of system failure, we may not be able to access all of our chosen Execution Venues the client will be notified when placing an order if this condition has been invoked.

#### **12. Performance and settlement**

It may be noted that where the Branch executes a transaction for the client, delivery or payment (as the case may be) by the other market counterparty to the transaction shall be at client's entire risk. The branch's obligation to deliver capital market products, structured deposits, commodities, other financial products or other assets or sale proceeds (as applicable) to the client shall be conditional upon receipt by the Branch of the deliverable documents, capital market product, structured deposits, commodities, other financial products or other assets or sale proceeds (as applicable) from the other market counterparty or counterparties to the transaction. Unless otherwise specifically agreed with the client, settlement shall be carried out in accordance with market practice and Applicable Law.

The Branch's obligation to settle any transaction or to deliver any securities purchased by the client (or where applicable client's principal or principals) is conditional upon receipt by the Branch of all necessary documents or funds due to be delivered by the client (or, where applicable, the client's principal or principals) or on the client's (or, where applicable, the client's principal or principals') behalf on or before the due date of settlement. The Branch may purchase or arrange for the purchase of any securities and/or other financial products to cover any liability of the client to deliver securities and/or other financial products to the Branch and, subject to Applicable Law, may recover from the client any loss the Branch suffers thereby. Transactions related to securities like bonds and structured notes will be settled on a Delivery versus Payment basis directly through a global settlement agency (e.g. Euroclear). These securities may be held in an omnibus account with the agency. For the avoidance of doubt, at no point will the Branch will be holding securities or funds on client's behalf in its own system or proprietary accounts.

#### **13. Monitoring and Review**

The Execution Venues we use to execute the client orders will be monitored periodically to ensure that they are providing the best possible result on a consistent basis. This shall be done by reviewing any orders placed at such venues and the outcome of those orders.

The Branch may add/ remove new Execution Venues from time to time based on its requirements - Changes to our selected Execution Venues will be made where appropriate to maintain adherence to this Policy, which will also include material changes that affect our ability to continue to achieve the best possible results for our clients. In addition, this Policy will be regularly reviewed and all affected customers will be informed of any material changes.

Where the Branch executes orders directly for the clients and upon their request, the Branch will demonstrate that it has executed a particular order or series of orders in accordance with this Policy.

The Branch will review this Policy periodically or at the time of any material regulatory/ guideline changes.

#### **14. Disclosure**

In order for the Branch to execute orders on the client's behalf, the Branch will need to make appropriate disclosure to its existing and new clients about application of this policy or any subsequent material changes to it, before accepting any order on for execution on behalf of the client. This can be done through a chosen mode of communication, that the customers are aware of such as email along with update on Bank's website, update of the general terms and conditions shared with clients, etc.