



Name:	VCMHK Execution Policy
Version	V1.0
Originator	Managing Director

1. INTRODUCTION

This Execution Policy is applicable to brokerage services provided to you by Vantage Capital Markets HK Limited (“VCMHK” or the “Company”).

This Execution Policy should be read in conjunction with VCMHK’s Terms of Business, which are available on VCMHK’s website or on request (compliance@vcm.hk).

2. PURPOSE

We, VCMHK, are pleased to provide you with our policy on executing orders, including best execution, which is designed to enable us to take all reasonable steps to obtain the best possible result for your orders, but is not a guarantee of such results in all transactions.

We are licensed by the Securities and Futures Commission of Hong Kong (“SFC”) to conduct various regulated activities under the Securities and Futures Ordinance of Hong Kong. We are an exchange participant of the Stock Exchange of Hong Kong (“SEHK”) and Hong Kong Futures Exchange (“HKFE”) and as such will be subject to the relevant exchange rules.

The Company hereby confirms that any trading activity undertaken by us should only ever be on behalf of our clients. The Company does not engage in any principal investment or proprietary trading activities.

3. BEST EXECUTION

Best execution means the responsibility of our brokers to execute client orders on the best available terms. This document describes in more detail the applicable policies by which VCMHK ensures best execution, where required, for trades we arrange on behalf of our clients.

3.1 Application and Underlying Principle

This Policy applies to execution of orders on your behalf where, in accordance with market practice and/or the nature of the transaction executed by or through us on your behalf (a “Transaction”), we are providing to you a service, which includes obtaining the best possible execution result in accordance with the SFC’s Code of Conduct.

The SFC’s Code of Conduct requires us to execute client orders on the best available terms. For the avoidance of doubt, where an order is placed for execution on an exchange which we are unable to execute upon, we may pass on the order for execution by another broker-dealer with memberships of the relevant exchange and third party executing brokers.

Should you believe VCMHK failed to provide you with best execution as detailed in this Policy, you can contact the Compliance Department by email (compliance@vcm.hk) by identifying the specific transaction and detailing the reasons you believe it was not executed on the best available terms.

3.2 Exemptions

We will not be required to offer best execution in the following scenarios:

(a) Dealing on a Request For Quote basis

Where we quote a price to you at your request, we will not be receiving from you a client order and as such best execution will not apply in determining the price given to you, even if this activity subsequently leads to VCMHK executing the transaction on your behalf.

This is because a request for quote is purely an indication of interest from you and, as such, at the time VCMHK quotes the price, it is not acting on your behalf.

(b) Specific Instructions

Where we have accepted specific instructions from you, we will follow them, and therefore will not be obliged to follow this Policy if to do so would conflict with the instructions received.

For example, you may tell VCMHK to execute your trade in Hong Kong securities on the HKEx. We will have no further responsibility for selecting the venue of execution, but will retain discretion over other aspects of the execution to which you have not given us a specific instruction.

You may give us specific instructions in relation to (for example):

- A specific venue; and/or
- A specific broker for execution; and/or
- A specific timeframe; and
- A specific price

You should be aware that any such specific instruction may, by its very nature, prevent us from taking the steps set out in this Policy to obtain the best possible result for the execution of your orders.

In some situations best execution will be owed. However the nature of certain Transactions means there may not be other Transactions against which to compare, and as such we will not be able to apply the best execution criteria as set out in this Policy. This may be the case for Highly Structured and Single Venue Transactions (detailed below).

(c) Highly Structured Transactions

In relation to highly structured off-exchange Transactions, due to the unique contractual structure entered into between us and our clients, it may not be possible to provide comparisons with other transactions or instruments at the time of trade.

(d) Single Venue Transactions

By being available at only one trading venue, the nature of the following Transactions result in there being only one price that can be taken for them and, therefore, preclude the use of comparable prices. Best execution will effectively be provided by executing the trade on the single venue at which it is available.

3.3 Achieving Best Execution

In order to achieve best execution, we have to take all reasonable steps to obtain the best possible results for our clients. There is no guarantee that the best possible price will be obtained in all circumstances and, in any event, the factors that we consider in obtaining best execution may lead to a different result in a particular Transaction.

In practical terms, this means we will endeavor to select execution venues which consistently deliver best execution, taking into account the execution factors listed in sub-section a) below.

When we are transmitting client orders, the execution venues will be the brokers we pass orders on to.

Where we are dealing with a complex product (i.e. the instrument is made up of more than one component) best execution would be assessed by reference to the overall product rather than each constituent part.

a) The Factors

In obtaining best execution, we will take into account a number of factors, including:

- Price;
- Costs;
- Speed;
- Likelihood of execution and settlement (liquidity);
- Size;
- Nature of the Transactions;
- Market impact;
- Type and characteristics of the instrument;
- Characteristics of the possible execution venues; and
- Any other consideration relevant to the execution of the particular order.

We will determine which factors we need to take into account and the importance of each factor in achieving the best possible result. This will differ depending upon:

- The type of client you are;
- The characteristics of your order;
- The characteristics of the financial instruments your order relates to; and
- The characteristics of the venues (if there is more than one) where your order can be executed.

Price will usually be the most important factor although we will, as appropriate, take into account the other factors to such an extent and in such order of priority as is applicable to the particular circumstances of the order.

b) Passing on Orders for Execution

In determining whether to place an order through another broker-dealer, we will consider the likelihood of successful execution and settlement based on price and cost, and will use another broker-dealer with the intention to enhance the overall quality of execution in terms of these factors. In the event the same transaction can be executed on similar terms without additional cost of an external broker-dealers commission, we will endeavor to handle the same transaction internally.

c) Trading Venues

As part of our duty to obtain best execution, we will consider which trading venue is the most suitable to obtain the best results for our clients. We may execute orders at any of the following venues:

- On an regulated exchange; or
- On trading platforms provided by external service providers;

Alternatively, where we have sought and obtained your consent to do so:

- On over-the-counter market; or
- Via the secondary market. E.g. directly between broker to broker, or investment firm.

In many instances there will only be one choice of venue and as such best execution will effectively be provided by executing the trade on the single venue at which it is available (see earlier section in Policy on Single Venue Transactions).

Where there is a choice in selecting the most appropriate venue, we will consider: -

- The price available and the depth of liquidity generally available at that price;
- The ability of the venue to manage complex orders;
- The speed of execution;
- The creditworthiness of the venue;
- The quality of related clearing and settlement facilities; and
- Any other factors relevant in the particular circumstances.

In summary, VCMHK will select the venue it believes offers the best prospect for achieving the best possible results for you, taking into account the execution factors previously listed.

1. ACHIEVING PROMPT AND FAIR ALLOCATION

We will ensure that transactions executed on behalf of clients are promptly and fairly allocated to the accounts of the clients on whose behalf the transactions were executed, independent of size or status. Most importantly, all allocations will be based on a first come, first serve basis.

We will not withdraw or withhold client orders for our own convenience or for the convenience of any other person. For the avoidance of doubt, this only applies in respect of market orders and limit orders that can be executed in the market at the relevant price.

Comparable client orders communicated to VCMHK in the same form will be carried out sequentially and all client orders handled in a timely fashion, unless the characteristics of the order or prevailing market conditions make this impracticable, or the interest of the client requires otherwise.

There may be occasions when VCMHK will look to aggregate client orders. We will notify all relevant clients prior to aggregating any orders, where necessary, and will only take such action if we have reasons to believe it is in the best interests of each of the clients involved.

VCMHK is a member of the Hong Kong Exchange (HKEx). Any trades aggregated on the HKEx will be done so in accordance with the HKEx Block Trading Rules. Further information can be found on:- (http://www.hkex.com.hk/eng/market/dv_tradinfra/trad_mech.htm)

2. ADVICE TO CLIENTS: DUE SKILL, CARE AND DILIGENCE

When providing advice to a client we will act diligently and carefully in providing the advice and will ensure that the advice and recommendations offered are based on thorough analysis.

Should you have any questions in regards to this Policy, please contact the Compliance Officer directly (compliance@vcm.hk).