



# BEST EXECUTION POLICY

## BOS Wealth Management Europe

Approved by BOSWME Executive & Risk Committee

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## 1. Introduction

The purpose of this document is to detail the Best Execution Policy (hereafter referred to as the "Policy") of Bank of Singapore Wealth Management Europe S.A. (hereafter referred to as "BOSWME") when executing orders in respect of certain financial instruments within the scope of requirements imposed by applicable laws and regulations in the locations, we operate in.

This document is designed to ensure that we obtain the best possible results for client instructions, subject to and considering any specific instructions, the nature of the orders and the nature of the markets and the products concerned.

## 2. Regulatory Framework

BOSWME performs its Services in compliance with, among others, the following key regulations:

### European legislation

- Directive 2014/65/EU of The European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU (the "MiFID II"; MIFID Level 1);
- Commission Delegated Directive (EU) 2017/593 of 7 April 2016 supplementing Directive 2014/65/EU of the European Parliament and of the Council with regard to safeguarding of financial instruments and funds belonging to clients, product governance obligations and the rules applicable to the provision or reception of fees, commissions or any monetary or non-monetary benefits (the "MiFID II Delegated Directive"; MIFID Level 2);
- Commission Delegated Regulation (EU) 2017/565 of 25 April 2016 supplementing Directive 2014/65/EU of the European Parliament and of the Council as regards organisational requirements and operating conditions for investment firms and defined terms for the purposes of that Directive (the "MiFID II Delegated Regulation").

### Luxembourg national legislation

- Law of 5 April 1993, as amended;
- Grand-ducal Regulation of 30 May 2018, as amended;
- Circular CSSF 07/307, as amended.

### UK national legislation

- UK MiFID

### Other guidelines

- ESMA Questions and Answers on MiFID II and MiFIR investor protection and intermediaries topics (ESMA35-43-349);
- ESMA Guidelines on certain aspects of the MiFID II appropriateness and execution-only requirements (ESMA35-43-3006);
- ESMA Guidelines of the European Securities and Market Authority on certain aspects of the MiFID II compliance function requirements (ESMA35-36-1952).

### UK Branch Additional Regulatory Requirements

The UK Branch has implemented the European regulations set out above as they came into force before 31 December 2020 (the “**Withdrawal Date**”). The FCA expects firms to apply “Guidelines and Recommendations” published by the European Supervisory Authorities before the Withdrawal Date, as they did before the Withdrawal Date, interpreted in light of the UK’s withdrawal from the EU and the associated legislative changes to the regulatory framework. Therefore this would include the ESMA Guidelines mentioned above.

Reference in this policy to MiFID II includes a reference to MiFID II as implemented in the UK.

The UK Branch is also obliged to conduct business in accordance with the FCA’s Conduct Risk Management Objectives and Principles as reflected in the FCA Handbook. Under these regulations, firms must, amongst other requirements, pay due regard to the interests of clients, take reasonable steps to ensure the suitability of the investment identified, and manage any conflicts of interest between itself and its clients.

## 3. In-scope Instruments

The Best Execution Policy applies when the BOSWME receives and transmits clients’ orders in financial instruments (please refer to Annex II of MiFID) to Bank of Singapore Limited (“BOS”) for execution by the BOS (the “Custodian”).

This Policy applies to Professional clients only.

## 4. Governance & Management Supervision

BOSWME reserves the right to amend this document as necessary. Where material change has occurred in the Policy, BOSWME shall duly inform its clients.

Material changes include, but are not limited to:

- Changes in the applicable regulatory framework;

- A significant event that could impact the best execution factors such as cost, price, speed, likelihood of execution and settlement, size, nature, or any other consideration relevant to the execution of the order;
- Significant changes to BOSWME organizational setup that could impact its ability to achieve the best possible result for the clients on a consistent basis.

In order to assess the execution quality of the Custodian, BOSWME monitors the quality of order execution and, where appropriate, corrects any deficiencies. BOSWME trading execution venue (also referred to herein as the Custodian) is Bank of Singapore ("BOS").

## 5. Best Execution at BOSWME

BOSWME does not execute any order itself but transmits clients' order to Custodian for execution. (Please note that this may be done either directly or via another company in BOSWME's group if preferred for operational or other reasons)

### When do we use best execution for our clients' transactions?

To ensure best execution for professional clients' financial instrument orders:

- BOSWME transmits orders resulting from internal management decisions for execution by the Custodian, on behalf of clients who have assigned it a management mandate;
- BOSWME transmits orders resulting from its clients' own decisions to use it as an intermediary for trading financial instruments, for execution by the Custodian;
- BOSWME uses its Portfolio Management service to transmit a combined order directly to the Custodian before completing the standard operational processes for individual orders.

The three different situations cover a wide spectrum of orders where we have an obligation of best execution.

This Policy does not apply where (a) clients or their agents independently transmitted orders to a third party broker for execution or (b) BOSWME involvement is limited to accounting and liquidation.

### When does best execution not apply?

The best execution rules established by MiFID II do not apply to eligible counterparties. However, we act honestly, fairly, and professionally in our transactions with eligible counterparties and our communication is objective, clear and unambiguous. In some situations, the MiFID II rules for best execution do not apply or may apply differently in respect of professional clients. These specific situations are highlighted below in section "Specific instruction" below of this Policy.

### Specific instructions

- BOSWME receives specific instructions from clients regarding the execution of an order or a part of the order. Therefore, BOSWME will be considered as having satisfied its obligation to take all reasonable steps to obtain the best possible result for the client if the orders of the latter are diligently transmitted to the Custodian for onward execution.
- When the client gives us specific instructions, including with regard to the characteristics of a bespoke product, that concern either an order or a particular aspect of an order, we make all reasonable efforts to execute it in accordance with the client's instructions. We want to warn our clients that these specific instructions may prevent us from taking the steps that we have implemented to obtain the best possible result for the execution of their orders with regard to compliance with the elements covered by these specific instructions. Therefore, to the extent that the client has given BOSWME an instruction, this instruction overrides the Best Execution obligation for the scope of the particular instruction.
- Where clients provide specific instructions covering only part the order (e.g., specific requests on how to treat part of the order) done by the client, BOSWME shall not consider itself released from its best execution obligations for the parts of the order which are not covered by the instructions. In this case BOSWME will comply to this Policy to that part of the trade.
- Where specific instructions given by the client cannot be followed, BOSWME will inform the client of the reasons before executing such orders.

## 6. Execution Factors

In order to achieve the best possible results for its clients, BOSWME transmits orders having (i) taken into account the execution factors below, or (ii) taking into account that the Custodian considers the same execution factors, as listed below in the context of its general business and available market information:

- Price – this is the price a financial instrument is executed at;
- Cost – this includes implicit costs such as the possible market impact; explicit external costs, e.g., exchange or clearing fees; and explicit internal costs which represents BOSWME's own remuneration through commission or spread;
- Speed – this refers to the interval between the time the order is received and the time the order is capable of being executed on trading venue;
- Likelihood of execution and settlement – the likelihood that BOSWME will be able to complete a client transaction;
- Size – this is the size of the transaction executed for a client, accounting for how this affects the execution;
- Nature of the transaction or any other consideration relevant to the execution of the transaction – this is how the particular characteristics of a client transaction can affect how Best Execution is received;
- Other aspects of the order as applicable.

With respect to the public reporting obligation in relation to best execution, such obligation differs depending on whether the firm is an investment firm receiving and transmitting orders (RTO) or passing orders onto others for execution as part of discretionary investment management services.

Such firms are required to provide information that is consistent with RTS 28, according to Article 65(6) of the MiFID II Delegated Regulation stating, that the "...information shall be consistent with the information published in accordance with the technical standards developed under Article 27(10)b) of Directive 2014/65/ EU". Instead of publishing information on the top five execution venues, they need to disclose information on their top five execution entities (in case of BOSWME, the Custodian).

In this context the best execution obligation of BOSWME does not apply and that the orders may not be executed by the Custodian in accordance with BOSWME's best execution policy.

## 7. Best Execution Criteria

In line with section 7 of this Policy, when transmitting orders for execution, BOSWME ensures that (i) it determines (in the case of certain asset classes), or (ii) the Custodian determines (for other asset classes), the relative importance of the aforementioned best execution factors based on its experience and judgement, per product type, with respect to the available market information at the time and taking into account the following best execution criteria:

- The characteristics of the beneficiary (including its categorisation);
- The characteristics of the order (e.g., type of order and product, and size of order);
- The characteristics of the financial instruments which are the subject of the order;
- The characteristics of the execution venues to which the order can be directed;
- The general prevailing conditions in the market at the time of the order;
- The objectives, the investment policy and the specific risks linked to the accounts.

Where certain factors are assessed by the execution venue to be not applicable or more important than others for a particular asset class or product type, the considerations for the non-applicability or relative importance of the particular factor(s), as the case may be, are to be documented and communicated to BOSWME in writing as soon as possible.



## 8. Execution Entity(ies) and Best Execution Monitoring

Unless otherwise agreed with the client, the orders will be transmitted by BOSWME to the Custodian (also acting as broker) for execution. All orders received by BOSWME from the Client will be transmitted to third parties, including Bank of Singapore Limited, for execution.

When BOSWME will transmit Client orders for execution, it will ensure that the execution by the execution venue is in line with other comparable client orders sequentially and promptly, unless (i) the characteristics of the client order or prevailing market conditions make this impracticable (i.e., it may not be practical for client orders that are received by different means, e.g. voice versus electronic, to be carried out sequentially); or (ii) the client interests require otherwise.

In line with the ESMA Q&A on investor protection topics, using a single execution venue does not diminish BOSWME's responsibility to monitor the quality of execution. Nor does it mean that merely executing client orders on that venue will allow the firm to discharge its best execution obligations. When using only a single venue, the specific way that the BOSWME transmits the order is just as important in achieving best execution.

In order to comply with the requirement under Article 24(1) of MiFID II to act in the best interests of its clients, BOSWME shall need to regularly assess the market landscape to determine whether or not there are alternative venues that they could use. This assessment will benefit from the new metrics available under RTS 27 (as defined by the regulatory technical standards under Article 27(10)(a) of MiFID II) and from any other relevant source of data. In particular, the reports generated pursuant to that RTS shall give firms information on trading conditions and quality of execution across different execution venues through a series of metrics such as volume, frequency of trading, resilience, or execution price related information. According to this, BOSWME includes a list of the venues that the firm ordinarily uses, as well as a list of the quantitative and qualitative factors used to select the execution venues on that list.

The surveillance team of BOS is in charge for carrying out the controls and monitoring of best execution, as agreed in the SLA. The purpose of these controls is to ensure that orders are executed in accordance with the best execution criteria outlined in the policy. BOS surveillance team will share the results on a monthly basis with BOSWME for oversight and local governance.

Orders considering in the examined sample will have to be selected without bias. The selection can be directed if it has the objective to choose trades not selected during previous processes and, in any case, as an additional sample to monitor.

## 9. Conflicts of Interest

BOSWME has internal governance arrangements, monitoring, and controls in place to identify, record, mitigate and/or disclose to clients any potential, perceived or actual conflicts of interest.

Furthermore, BOSWME handles all conflicts of interest that might arise during the execution of a client order in accordance with BOSWME Conflicts of interest Policy.

## 10. (Non) Monetary Inducements and Incentives

In accordance with the recommendations of MiFID II for preventing conflicts of interest, we undertake not to receive any remuneration, discount or financial advantage that may affect our decision-making processes before our orders are routed via our different possible channels and to our different possible execution venues.

Only the criteria and decision-making processes have a bearing on how we direct our orders and obtain the best possible execution.

We will only accept third-party payments on the express condition that they are in line with what is acceptable under the MiFID II inducements regime. We will adhere to this same principle for the payments that we make to third-party entities.

Any MiFID-compliant benefits that might nonetheless be received are periodically disclosed to our client.

## 11. Website Disclosure and Client Requests

BOSWME published on its website this Policy which describes the different processing flows according to the nature of the products and the techniques used to achieve best execution, transmitted to a third party (a broker) for execution or in exceptional cases, handled off-market.

The client is entitled to make reasonable and proportionate requests for information about the firm's policies, arrangements and how they are reviewed by BOSWME. The firm undertakes to answer as clearly as possible and within a reasonable time.

## 12. Policy Review

BOSWME will review this Policy at least on an annual basis and whenever a material change occurs that affects its ability to continue to obtain the best results its clients.

This document reflects the latest regulatory changes. BOSWME internal procedures and processes will continue to be amended to ensure our operations are aligned to the above standards. Also, BOSWME will monitor the effectiveness of its best execution policy and execution arrangements to identify and, where appropriate, correct any deficiencies.

As a final point, please note that any reference in this document to BOSWME transmitting orders to a third party for execution includes a reference to BOSWME doing so directly or via another company in BOSWME's group if preferred to operational or other reasons.