

# **Best Execution Policy in relation to transactions conducted by relevant SFC licensed representatives of SG Securities (HK) Limited (“SGSHK”) and HKMA relevant individuals of Société Générale, Hong Kong Branch (“SGHK”)**

## **Introduction and Purpose of the Best Execution Policy (“Policy”)**

This document sets out the Best Execution Policy in relation to the agency and principal transactions conducted by the relevant SFC licensed representatives of SGSHK as well as HKMA relevant individuals of SGHK and our approach to providing best execution, where applicable, as required by the Code of Conduct for Persons Licensed by or Registered with the Securities and Futures Commission (“SFC Code”).

SFC Code expects all licensed corporations and registered institutions to take all sufficient steps to obtain the best possible results for clients, taking into account execution factors such as price, costs, speed, likelihood of execution and settlement, size, nature or any other consideration relevant to the execution of the order. Best execution, where applicable, does not mean that SGSHK, SGHK or its affiliates (collectively, or where the context requires, individually, referred to as “SG”, “we”, “our” or “us”) can guarantee that the best price will be achieved for every single client order, but we will look to ensure that we are acting, to the extent possible, in the best interests of our clients.

For the avoidance of doubt, we do not owe you any fiduciary responsibilities as a result of the matters set out in this Policy, over and above the specific regulatory obligations placed upon us, or as contractually agreed with you.

## **Scope**

This Policy applies to the cash equities agency transactions and transactions of financial instruments in a principal capacity with our clients, conducted by relevant SFC licensed representatives of SGSHK and HKMA relevant individuals of SGHK.

## **Circumstances in which we owe best execution**

The circumstances include, but not limited to:

- Agency cash executions but excludes facilitation trades or guaranteed trades such as guaranteed benchmark trades or risk bids
- Certain delta-one transactions or products where one or more elements of the price of such transaction or product is/are subsequently determined by the price of the hedge obtained by us (“hedge price transactions”)

## **Circumstances in which we consider you will not generally be legitimately relying on us for best execution**

This includes circumstances where we are approached by you for a “request for quote”, trading “on risk” or “by negotiation”, in a market where the convention is for clients to ask for quotes from several dealers or providers, and where your access to prices in the market and the transparency of the market means you are able to, and can be expected to, assess our quotes against those provided by other dealers or providers. As a result, given your sophistication, accessibility and visibility to the market and that the transaction is initiated by you<sup>1</sup>, by taking into these factors collectively, we consider that you are not placing legitimate reliance on us for best execution for the following financial instruments:

- Over-the-counter derivatives (except for hedge price transactions)
- Structured products, including unwind or secondary market activity of the relevant structured products
- Securities financing transactions
- Stock borrowing and lending transactions
- Bespoke corporate derivatives

## **How we provide best execution**

The following Execution Factors must be considered to fulfill our best execution obligations where applicable:

- Price;
- Costs payable by the client as a result of execution;
- Speed of execution;
- Likelihood of execution;
- Size and nature of the order;
- Speed of settlement;
- Likelihood of settlement;
- Likely market impact;
- Risks relevant to the execution;
- Nature of the market for the product; and
- Any other considerations that are deemed relevant to the execution of the order.

The Execution Factors have not been listed in any particular order of priority. In order to determine the relative importance of the Execution Factors, we take into account the characteristics of the relevant order and any other criteria that we consider relevant.

As a general principle across all products and services, we will use our commercial judgement and experience on the basis of available market information to take all sufficient steps to provide fair prices

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<sup>1</sup> We do not consider communicating trade ideas, market opportunities or indicative prices to you mean we have initiated the transaction.

for our clients. The specific steps that we will take, however, will vary significantly depending on the nature of the service and product. When SG trades with you in a principal capacity, it is important to note that regardless of whether we are subject to our best execution obligations, it does not change our legal and contractual right in relation to the determination of how, when and whether we hedge, the decision to engage in such hedging activities remains in our sole discretion.

### **Client Order Handling**

When we execute an order, we will ensure that we apply the following general principles:

- that the execution of the order is promptly and accurately recorded and allocated;
- where we receive comparable orders, we will carry these out sequentially and promptly unless the characteristics of the order or prevailing market conditions make this impractical, or the interests of the client require otherwise; and
- information in respect of pending client orders will be treated as confidential, to the extent permissible by law, and we will take all reasonable steps to prevent the misuse of such information.

### **Specific Instruction**

We will execute your order in accordance with any specific instructions you give us. This means that, to the extent of the specific instructions, our obligation of best execution will be satisfied by executing the order in accordance with your specific instructions. Where we have discretion over the execution of other elements of the order in the case there is no specific instruction, then we will continue to be subject to the best execution obligations in respect of the elements of the order that are not covered by your specific instruction.

For instance, where your order is placed through our Direct Market Access or your own algorithm, then such order is considered to be a specific instruction and our obligation of best execution will be satisfied by providing the access already.

### **Execution Venues**

Where a transaction is subject to best execution, the selection of an execution venue will also be dependent on our ability to access liquidity. In the case where the selection of an execution venue is relevant, we will choose the execution venue (or venues) that we consider to be the most appropriate to meet our best execution obligations taking into account your instructions and the prevailing market conditions.

When SG trades with you in a principal capacity, we may choose to hedge using any type of financial instruments or not at all and may execute our hedge internally, cross with another client which may be by way of IOI (that is, indications of interest). As mentioned before, the decision to engage in such hedging activities remains in our sole discretion.

### **Third Party Brokers/Agents and Affiliates**

Generally where SG or its affiliates is a member of the execution venue, we will make use of our network of affiliates for execution. Where we do not have direct access to the relevant exchanges or execution venues, or when otherwise required, we may choose to execute with or through an intermediate broker, or choose for any execution to be effected with or through the agency of an intermediate broker and we may use other agents in the course of providing related products and services. The intermediate broker, other than SG or its affiliates, will be regularly assessed by SG or its affiliates to ensure they contribute our ability to meet the best execution standard. Neither we nor our affiliates, nor our and their respective directors, officers, employees or agents will be liable to you for any act or omission of an intermediate broker, party or agent.

### **Monitoring and Governance**

We have a governance framework in place which reviews the business on an on-going basis to monitor for compliance with our best execution obligations. We will monitor the effectiveness of the Policy and its implementation in order to identify and correct any deficiencies.

A copy of this Policy is also made available at the hyperlink below:

<https://wholesale.banking.societegenerale.com/en/compliance-regulatory-information/market-regulation/mifid/>