



RBC Capital Markets

**Information on the RBCCM
Singapore
Best Execution Policy**

**RBC Capital Markets, Singapore
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1.0 PURPOSE OF THIS DOCUMENT

This document sets out information on the Best Execution Policy (“the Policy”) and approach to providing best execution for the capital markets business in Singapore operating under the name of Royal Bank of Canada Singapore Branch and (hereinafter referred to as “RBCCM”, “we” or “us”).

This document is published and updated as necessary on our website at:

<https://www.rbccm.com/assets/rbccm/docs/legal/information-on-the-rbccm-best-execution-policy.pdf>

2.0 SCOPE OF THE POLICY

This Policy applies to transactions where the Client-facing activities (such as agreeing the terms of the transaction) are carried out by RBCCM.

3.0 WHAT IS THE “BEST EXECUTION” OBLIGATION?

Best execution is the requirement to take all sufficient steps to obtain the best possible result for you, taking into account price, costs, speed, likelihood of execution and settlement, size, nature and/or any other consideration relevant to the execution of an order or any other scenario where you place legitimate reliance on us to protect your interests (“Execution Factors”).

4.0 WHEN DOES THE BEST EXECUTION OBLIGATION APPLY?

We owe you an obligation to take all sufficient steps to obtain best execution when executing orders on your behalf. We regard ourselves to typically be in receipt of an order and acting on your behalf where you legitimately rely on us to protect your interests in relation to the Execution Factors relevant to that transaction and to act on your behalf. This will include but is not limited to the following situations where we are:

- executing an order by dealing as your agent;
- executing an order by dealing as a riskless principal on your behalf; and
- “working an order” on your behalf.

In all other circumstances, for example when we deal on our own account in response to a request for quote (“RFQ”), we will assess whether you are placing legitimate reliance on us to protect your interest in relation to the Execution Factors relevant to that transaction. In order to make this assessment the following four factors (the “four-fold test”) will be considered. These factors will be considered collectively and not in isolation; any one factor, or a combination thereof, may require us to apply best execution:

- i. ***which party initiated or solicited the transaction*** - it is more likely that you will be placing reliance on us where we propose the transaction to you;
- ii. ***whether there is a market practice and the existence of a convention to “shop around”*** – it is more likely that you will be placing reliance on us in markets where there is not a convention for you to “shop-around” for a quote;
- iii. ***the relative levels of price transparency within a market*** - it is more likely that you will be placing reliance upon us where the level of price transparency available to you is not the same or similar to that available to us;
- iv. ***information provided by RBCCM and any agreement reached*** - it is more likely that you will be placing reliance on us where there are arrangements or agreements in place which state we will provide best execution and indicates or suggest a relationship of reliance.

We do not guarantee that we will be able to achieve best execution for every transaction received from you, however, in all cases we will comply with the Policy.

5.0 WHEN DOES THE BEST EXECUTION OBLIGATION NOT APPLY?

The best execution obligation will not apply in circumstances in which we are transacting with you as counterparty on the basis of a own account risk price and you do not place legitimate reliance on us to protect your interest in relation to the Execution Factors relevant to that transaction (taking into account the “four-fold test” outlined above).

6.0 SPECIFIC INSTRUCTIONS FROM CLIENTS

Where you provide us with specific instructions in relation to one or more Execution Factors, we will execute the order in accordance with those instructions so far as reasonably possible. Where your instructions relate to only part of the order, in following those instructions we will be deemed to have taken all sufficient steps to provide best execution in respect of that part of the order. In respect of those aspects of the order not covered by your specific instructions or where it is not possible to follow your instructions, we will apply the Policy accordingly.

Please be advised that where you provide us with a specific instruction this may prevent us from taking some or all of the steps in the Policy that are designed to obtain the best possible result for the execution of your orders in respect of the elements covered by those instructions.

7.0 APPLICATION OF BEST EXECUTION ACROSS CLASSES OF INSTRUMENTS

While the requirement to provide best execution applies to all financial instruments, the differences in market structures or the structure of financial instruments means that it is necessary to apply the best execution obligations in a manner that takes into account the different circumstances associated with the execution of orders related to particular types of financial instruments.

Determining the relative importance of the Execution Factors is a dynamic process and may depend upon several variables and characteristics. In determining the relative importance of the Execution Factors we will apply our commercial judgement and expertise, in light of the prevailing market conditions, as well as taking into account:

- your characteristics;
- the characteristics of your transaction;
- the characteristics of the financial instruments that are the subject of your transaction; and
- the characteristics of the execution venues to which your transaction can be directed.

In many circumstances price will merit a high relative importance in obtaining best execution. However, in some circumstances we may judge that other Execution Factors will be more important than price in obtaining the best possible result for you.

Additional guidance in relation to the following asset classes is set out in Annex 2:

- Fixed Income;
- Foreign Exchange;
- Structured Products.

8.0 EXECUTION VENUES AND BROKERS

The factors that have been considered in determining the use of different execution venues may include the depth of liquidity a particular execution venue is able to offer, the likelihood of execution, speed of execution, the costs, if any, to execute on such execution venues, reliability and system availability, historical trading activity, and the robustness of the clearing arrangements.

When RBCCM is the execution venue, consideration will be given to various sources of reasonably available information, so as to obtain the best possible result for your transaction.



We may also transmit your order to another broker, which could include an RBCCM affiliate, for execution, in which case we will determine the execution venue ourselves in accordance with the Policy and instruct the broker to deal accordingly.

We will not structure or charge commissions in a way as to discriminate unfairly between execution venues.

9.0 OVER-THE-COUNTER (“OTC”) TRANSACTIONS

For transactions involving OTC financial instruments where it has been determined that we have a best execution obligation, we shall gather relevant market data in order to check whether the price offered to you is fair.

10.0 MATTERS OUTSIDE OF OUR CONTROL

In some cases, whether as a result of system failures, disrupted markets or otherwise, it may be necessary to execute your orders in a different manner to that documented in the Policy for the financial instrument in question.

In such circumstances we will still seek to achieve the best possible result available for you in the prevailing circumstances.

11.0 MONITORING

We will monitor the effectiveness of our execution arrangements, and when appropriate, implement corrective actions to address any deficiencies that may be identified. If this were to result in a material change to our execution arrangements, you will be notified accordingly.

12.0 OWNERSHIP AND RESPONSIBILITY FOR THE POLICY

The Policy is co-owned by the RBCCM APAC Best Execution Committee and Compliance.

13.0 POLICY REVIEW

We conduct an annual review of the Policy, as well as our order execution arrangements. The objective of this review is to assess whether there is any scope to improve the quality of the order execution delivered to you, by for example, including additional/different execution venues, considering whether the relative importance of the execution factors in different circumstances could be adjusted, or by modifying any other aspects of the Policy.

14.0 FURTHER INFORMATION ON HOW WE HANDLE YOUR ORDERS

We have further policies and procedures in place to ensure we execute and allocate your orders promptly and fairly, taking into account the need to manage any potential conflicts of interest that may exist between you, ourselves, and our other clients.

We will execute your order in line with other comparable client orders sequentially and promptly, unless (i) the characteristics of your order or prevailing market conditions make this impracticable¹; or (ii) your interests require otherwise.

Where you do not provide specific instructions, we will execute and allocate your order as soon as reasonably practicable, unless we reasonably consider that delaying the execution of your order is in your best interests.

When executing your order we may decide to aggregate your order with a transaction for our own account or that of another client. Such aggregation will be taken, for example, to provide a better price

¹ For example, it may not be practical for client orders that are received by different means (e.g. voice versus electronic) to be carried out sequentially.



to you or to reduce transaction costs by allowing us to execute in larger size. We will only aggregate your order if it is unlikely that the aggregation will work overall to your disadvantage. Where we are unable to fill an aggregated order in full, we will allocate the executed notional on a fair and equitable basis.

We will endeavor to communicate the order execution and allocation status of your order to you soon as reasonably practicable.

15.0 CLIENT ENQUIRIES

Should you have any enquiries in relation to this document or the Policy please contact your usual business contact.



ANNEX 1 - OVERVIEW OF BEST EXECUTION BY ASSET CLASS

The following sections provide an overview of when and how we will provide you with best execution across different asset classes.

Included in each section is the relative importance RBCCM places on the different Execution Factors in obtaining the best possible result for you.

Each section provides the general position of RBCCM in relation to each asset class. Our approach may differ, to that outlined, depending upon the particular circumstances of individual transactions.



ANNEX 1.1 - FIXED INCOME

The types of Fixed Income products traded by us encompass cash bonds (including Government, Corporate, Supra-Sovereign), vanilla OTC derivatives (including interest rate swaps, cross-currency swaps, Collateralized Loan Obligations ("CLO")).

In line with Sections 4.0 and 6.0, where we execute Fixed Income orders (including Limit orders, At-Close orders, Specified price/spread orders, and At-best orders) on your behalf, we will owe a duty of best execution to you unless you have not afforded us any discretion in the execution of those orders.

Where we transact with you as principal on the basis of a published quote, or one provided in response to an RFQ enquiry, we will consider whether best execution is owed; generally, we consider that best execution is not owed under the four-fold test. Our rationale for this is that such transactions are initiated by you, there is a convention for Clients to "shop around" by approaching several dealers for a quote, and there is also generally a high level of price transparency. In cases where the level of price transparency is limited, for example, there is no other observable price or clients are unable to obtain comparable pricing from another dealer, we may consider that you place reliance on us and therefore we will owe a duty of best execution.

In general, we will consider the most important Execution Factors to be Price, Size, and Speed of execution. Where no instructions are provided by you, we will typically use the following order of priority: Price, Size, and Speed.

ANNEX 1.2 - FOREIGN EXCHANGE

The types of Foreign Exchange (“FX”) products traded by us encompass Spot FX, FX Forwards, FX Swaps, and OTC Derivatives.

Spot FX is not defined as a “financial instrument”; however, we have chosen to apply equivalent standards to Spot FX and, as such, an assessment regarding our best execution obligations will be made in relation to all Spot FX trading.

In line with Sections 4.0 and 6.0, where we execute FX orders (including Limit Orders, At-Best Orders, At Worst Orders, No Worse Than Orders, Level or Better Orders, Time-sliced Orders, Stop Loss Orders, Fixing Orders, and for OTC Derivatives Spot-Firm Orders, Premium-Firm Orders, and Implied-Volatility Orders) on your behalf, we will owe a duty of best execution to you. Where you provide specific instructions for some or all Execution Factors, rather than instructing us to use our discretion to execute, we will execute those orders according to those instructions and will therefore meet best execution standards with regards to those Execution Factors subject to your instructions.

When determining the relative importance of the Execution Factors in relation to a particular Client order, the FX business may or may not utilise its Smart Order routing System (“SOR”), “Loonix”.

Where we execute orders subject to specific instructions or execute discretionary orders with no risk component (e.g. At-Best Orders) a fair, reasonable and justifiable mark-up may be added. Where we execute a discretionary order with a risk component (e.g. At Worst Orders, No worse than Orders, Level or Better Orders, Spot-Firm Orders, Premium-Firm Orders, and Implied-Volatility Orders) a fair, reasonable and justifiable risk premium may also be included in the all-in-price provided to you.

We will owe a duty of best execution with regard to any algorithmic execution functionality we may use in achieving a certain benchmark or execution strategy. Where you are provided with access to algorithmic execution functionality, we will satisfy our duty of best execution in so far as we follow any specific instructions provided by you.

If you are provided with Direct Market Access (“DMA”), you will provide specific instructions for all Execution Factors and we will execute these orders accordingly. We will satisfy our best execution obligation by following those instructions.

Where we transact with you as principal on the basis of a published quote, or one provided in response to an RFQ enquiry, we will consider whether best execution is owed; generally, we consider that best execution is not owed under the four-fold test. Our rationale for this is that such transactions are initiated by you, there is a convention for Clients to “shop around” by approaching several dealers for a quote, and a high level of price transparency exists across FX markets.

In general, we will consider the most important Execution Factors to be Price, Size, and Speed of execution. Where no instructions are provided by you, we will typically use the following order of priority: Price, Size, and Speed of execution.



ANNEX 1.3 - STRUCTURED PRODUCTS

The types of Structured Products traded by us encompass Structured Notes, Deposits, Certificates, Warrants and bespoke OTC derivatives.

Where we deal with you as issuer and counterpart, we negotiate with you the terms of a transaction for the purposes of structuring a bespoke security that reflects your specific instructions. In these circumstances, we deal with you as principal for our own account in accordance with your specific instructions, and therefore there is generally no expectation that we will be providing best execution. Further, the bespoke nature of the instrument means that it is not likely that there will be any comparable products available.

Where we transact with you as principal on the basis of a published quote, or one provided in response to an RFQ enquiry, we will consider whether best execution is owed; generally, we consider that best execution is not owed under the four-fold test. Our rationale for this is that such transactions are initiated by you and there is a convention for Clients to “shop around” by approaching several dealers for a quote.

With regard to notes, for any secondary market activity including buy-backs and taps during the subscription period from already invested clients, best execution obligations will be owed as you may be considered to be a “captive client”, i.e. you will not be in a position to “shop around” as you can only unwind your position with us.

In general, we will consider the most important Execution Factors to be Price, Likelihood of execution, and Speed of execution. Where no instructions are provided by you, we will typically use the following order of priority: Price, Likelihood of execution, and Speed.