

# **Additional Disclosures on Order Handling and Execution**

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## Foreign Exchange

These disclosures apply for Foreign Exchange, Precious Metal business executed via all Execution Channels, including voice, electronic and any algorithmic orders placed with SCB AG.

### **Dealing on Own Account or Acting as Principal**

Standard Chartered Bank AG ('SCB AG') transacts and makes markets in foreign exchange spot and derivatives. SCB AG conducts these activities strictly as principal, unless otherwise explicitly pre-agreed in writing. SCB AG conducts its principal transactions with you and does not act as an agent, fiduciary or financial advisor or in any similar capacity on your behalf in relation to these transactions.

You should evaluate the appropriateness of any transaction based on your own facts and circumstances and assess a transaction's benefits and execute the transaction based upon your own independent determination of the transaction. Any communications or statements made by or through SCB AG's personnel, electronic systems or otherwise in the processing or execution of transactions should not be inferred or relied upon as investment recommendations or advice.

SCB AG may in the course of market-making, maintain positions in various products and instruments for multiple counterparties with competing interests, alongside SCB AG's own business interests. Acting in a principal capacity, SCB AG may trade prior to or alongside your transaction to execute other transactions for SCB AG or to facilitate transactions with other counterparties, to manage risk, source liquidity or for other applicable commercial reasons.

Standard Chartered Bank AG's market making and risk management activities may impact the prices communicated to you for a transaction and the availability of liquidity at levels necessary to execute your orders or trade requests. These activities may also trigger or prevent triggering of stop loss orders, take profit orders, barriers, knock-outs, knock-ins and similar terms or conditions. In conducting these activities, Standard Chartered Bank AG intends to carry out market-making activities in a manner which seeks to avoid undue market impacts.

### **Pre-Hedging Practices**

When you indicate your interest in a potential transaction or provide SCB AG with a transaction request, Standard Chartered Bank AG may use that information to engage in pre-hedging and hedging activities, which may include entering into transactions prior to executing your potential transaction or request with a view to facilitating your potential transaction or request. Any transactions entered into by SCB AG with a view to facilitating your potential transaction or request will be entered into by Standard Chartered Bank AG as principal, not as an agent for you. Any pre-hedging or hedging transactions entered into by Standard Chartered Bank AG will be commensurate with the size and nature of your order, could be at different prices from the price at which Standard Chartered Bank AG executes your transaction, may affect the market price or of liquidity for the product(s) you are buying and/or selling and may result in profit, or loss, to Standard Chartered Bank AG.

### **Reference Time Orders Disclosure ("RTO")**

From time to time you may request Standard Chartered Bank AG to execute an order at a specified time in the future, which is not to be transacted against a particular recognised benchmark "fix". An example of this order would be "Sell 50M EURUSD at 12pm UK time today". This order will not be transacted against any official benchmark price.

Your order will be managed at the full discretion of SCB AG as an at best order, taking into account market characteristics and liquidity before, during and after the specific time unless explicitly instructed otherwise. SCB AG handles RTOs on a principal to principal basis and therefore does not segregate the management of RTOs from its core market making operations. Further, SCB AG may engage in risk management transactional activity which may be executed before, during and after the reference time, and that transactional activity may impact the price at your reference time. This risk management may also include 'pre-hedging' in anticipation of an RTO nearing the reference time. SCB AG shall assume that you agree to transact RTOs on this basis unless SCB AG hears from you to the contrary.

### **Execution Venues**

SCB AG will generally seek to internalise Orders, whereby you trade with SCB AG as Principal, this is on the basis that SCB AG can meet our Best Execution obligation on a consistent basis by doing so.

Where SCB AG trades as principal it will use a number of execution venues including Regulated Markets, Multilateral Trading facilities, Organised Trading Facilities, Systematic Internalisers, and Market Makers as liquidity providers. The selection will be made at SCB AG's discretion.

SCB AG uses appropriate internally and externally available information on execution venues performance to conduct ongoing assessments of the quality of the execution provided to clients through internalisation. SCB AG will continually monitor the available information and as additional information and / or external data become available, this will be incorporated into SCB AG's pricing controls and reviews. This also includes the assessment of the ongoing efficacy of the service and execution provided to SCB AG when conducting market making activity or managing its own risk through available liquidity providers.

### **Market Risk Transfer**

The point at which market risk transfers from your order to SCB AG is at the time that the pre-agreed and acknowledged terms of your order have been met; for example, price, time or other terms. SCB AG will then confirm your order as soon as possible as having been "done" either electronically or by a SCB AG Financial Markets representative – please note in busy market conditions this may take slightly longer. For the avoidance of doubt, any order placed by contacting a relevant SCB AG Financial Markets representative will only be considered live when acknowledged by SCB AG.

As per the SCB AG Regulatory Compliance Statement and Terms of Business, Trade Confirmations will, in the absence of manifest error, be conclusive and binding on you, unless we receive an objection in writing within five banking days of dispatch to you or we notify you of an error in the confirmation within the same period.

### **Time Stamping**

Orders received by electronic platforms or application programming interfaces will be time stamped at time of receipt and again at time of acceptance. Orders received manually / by voice will be timestamped as soon as reasonably practicable after receipt of the order. Further timestamps will be applied when any amendment or cancellation instruction is received, at the point they are triggered and at the time of execution. Records may be subject to latencies inherent in the channel orders are communicated through.

### **Conflicts of Interest**

Standard Chartered Bank AG is committed to acting transparently when dealing with our clients, as such the firm will endeavour to communicate potential or actual conflicts of interest with you. At times the firm could have conflicts of interest which fall outside of the conflicts which may exist in the course of our principal-dealing and market-making activities. Should such a potential or actual conflict of interest arise, which cannot be reasonably avoided or effectively managed, SCB AG will disclose in sufficient detail, the conflict(s). For further information on conflicts of interest please see the [SCB AG website](#).

### **Post Trade Reporting**

SCB AG statistically monitor client utilisation of our pricing and potential market impact. We use the results of this monitoring as an input into our pricing decisions.

Upon request, Standard Chartered Bank AG will, clearly and within a reasonable timeframe, provide clients with further information regarding our Pre-Deal Price Validation Checks and/or an evaluation of their trade request with regards to handling of their order and/or execution of their trade request. If you require any such information, please contact your Relationship Manager.

## Markets

**SCB AG Price:** The SCB AG Price is derived from external and internal reference data and prices. Such data and prices may incorporate but is not limited to:

- Top of book prices available on other Trading/Execution Venues
- Depth of liquidity data available on other Trading/Execution Venues
- Last traded price data available on internal or other Trading/Execution Venues
- Last traded price data (both internal and external) on other market instruments.

### Execution Costs & Sales Margin

Clients may be charged an additional spread, mark-up, fee or commission in relation with the execution of their Orders. Where justified, the margin charged by the Bank is determined taking into consideration a variety of factors, including complexity of trading strategies, service levels and cost of funding the transaction and a reasonable return on equity.

The all-in client price (the combination of price and margin) may differ from the trigger level. For limit orders, including stop loss and take profit orders, the trigger level will be based on the Trigger Price as defined below.

Transaction costs are calculated as the difference between the “all-in client price” and the SCB AG Price. Costs will vary depending on, amongst other things, the nature of the transaction, market, and counterparty. The costs associated with a transaction include: (i) client coverage, (ii) operational factors, (iii) balance sheet and regulatory capital usage, (iv) hedging and liquidity access, and (v) valuation adjustments for derivative transactions.

For certain Order types, the addition of sales margin could result in your all-in price being at a level which is outside of the day’s range for that product.

Where SCB AG is working an order for a Client, the trigger price is defined as the price at which the market needs to trade at in order for execution of the order to be effected / become active. In order to apply margin pre-trade to the client order, the order will be worked at a price which is different to the order level provided by the client. For all resting orders, the market will need to trade at a price which is equal to the client order level plus / minus any margin (“the all-in price”) before execution can be effected.

On occasion, this can result in the order execution not being effected due to the additional sales margin, although the market price reached the Order level, or beyond.

Any deviation from this default approach will be explicitly (in writing) agreed with you when receiving your order.

Upon consideration of the factors above and any other applicable information relating to Clients or the trade request, Standard Chartered Bank AG holds the discretion to offer different prices or services to different counterparties for the same or materially similar transactions.

For certain products or types of business activity, fees may be charged in the form of commissions which are separate from and in addition to the traded price for a particular transaction. SCB AG does not structure or charge commissions in such a way as to discriminate unfairly between Execution Venues.

### Order Aggregation & Allocation

SCB AG will not aggregate client orders or SCB AG’s own transactions, unless it is unlikely the aggregation will work to the disadvantage of any Client whose Order has been aggregated.

If SCB AG is able to demonstrate on reasonable ground that without aggregation it would not have been able to carry out the order on such an advantageous term, then SCB AG may allocate the transaction proportionately.

In the event an Order is aggregated with a transaction for SCB AG, SCB AG will follow the First in, first out (“FIFO”) allocation principle for all orders (including internal orders). In the case which the client order doesn’t allow partial fills, priority will be given to other orders. In some cases, liquidity conditions may restrict our ability to fill the full amount of

outstanding Orders, resulting in partial fills. In such circumstances, the resulting partial fills will be allocated on a volume-weighted average basis.

All At Best Orders will be worked on a first in first out ("FIFO") basis; however, in the event that the working of an At Best Order triggers an existing Stop Loss Order ("SLO"), the remaining fill requirement of the deal At Best Order will be aggregated with that SLO and allocated on a volume-weighted average basis. Every effort will be made to work orders, including stop loss and take profit, at the same price for different clients on a FIFO basis, however during busy market conditions it may be necessary to aggregate orders and fill them on a blended average rate to all clients.

### **Against Fix Orders ("AFO")**

AFOs arise in situations where you place an explicit instruction, ahead of the actual publication of a reference price, to execute your transaction at a price which is to be determined by reference to a particular benchmark price, or an agreed spread above or below it. The benchmark will be determined in accordance with the rules and procedures applicable to the benchmark administrator.

Where the benchmark is based on actual transactional activity, please note that in order to give effect to your order, SCB AG may trade in the market before, during and/or after the window period during which that benchmark is calculated. This transactional activity may have an influence on the eventual published benchmark price.

Please also be aware that, at the time the benchmark price is set, the prevailing market price may not be representative of the benchmark price which is established.

Where the benchmark is based on survey submissions, if SCB AG is a member of the panel of benchmark submitters, SCB AG will make such submissions in accordance with any applicable rules and procedures which govern such submissions, including any hierarchy of determining factors to substantiate submissions. Such hierarchy may require data from our own concluded transactions to take precedence over other factors.

SCB AG shall assume that you agree to transact Against Fix Orders on this basis unless SCB AG hears from you to the contrary.

### **Stop Loss Orders Disclosure**

You may from time to time place Stop Loss Orders with Standard Chartered Bank AG. This type of contingent order which triggers a buy or sell order for a specified notional amount, when a reference price reaches or passes a pre-defined trigger level, are termed "SLOs". SCB AG handles SLOs on a principal to principal basis and therefore does not segregate the management of SLOs from its core market making operations. Further, SCB AG may engage in risk management transactional activity which may be executed close to a Stop Loss trigger level, and that transactional activity may impact the reference price and result in a Stop Loss being triggered. This risk management may also include 'pre-hedging' in anticipation of an SLO nearing the trigger level. SCB AG shall assume that you agree to transact SLOs on this basis unless SCB AG hears from you to the contrary. SCB AG does not accept any SLOs at a guaranteed rate.

### **Binary Options**

You may transact binary options, also referred to as barrier or digital options, with SCB AG. These options are a category of option that are either activated or cancelled when a pre-determined reference price level is reached at a specified date or time (or during a specified date or time range). Binary options can be standalone options contracts or can be embedded in other options or structured products.

SCB AG handles binary options on a principal to principal basis and therefore does not segregate the management of binary options from its core market making activities. Furthermore, SCB AG may engage in risk management transactional activity which may be executed close to a binary option trigger level, and that transactional activity may impact the reference price and influence whether the Binary Option is triggered. This risk management may also include 'pre-hedging' in anticipation of a binary option nearing the trigger level. This activity may in some cases act to your disadvantage.

SCB AG shall assume that you agree to transact binary options on this basis unless SCB AG hears from you to the contrary.

SCB AG is not permitted to offer Binary Options to retail clients in Europe.

### **Indicative Prices**

The rates and / or prices displayed on third party venue pages represent indications of Standard Chartered Bank AG's reasonable view of the market rate or prices for the instrument(s), as at the displayed time. Standard Chartered Bank AG makes no representations around the frequency at which these rates or prices will be refreshed. In addition, Standard Chartered Bank AG accepts no responsibility or liability for any usage of these indicative rates or prices by other parties. These rates or prices should not be used to create or contribute to any benchmark (as defined under the IOSCO principles or other relevant guidance / regulation) or for valuations without the written approval of Standard Chartered Bank AG. The displayed rates and / or prices are indicative only and are not firm dealable quotes, nor formal valuations. Should you require firm dealable quotes please approach your regular Financial Markets contact accordingly. Formal valuations of securities will only ever be provided by Standard Chartered Bank AG through its Client Valuations Group [[Customer.Valuations@sc.com](mailto:Customer.Valuations@sc.com)].

## Pre-Deal Price Validation Checks

### **Pre-Deal Validation Checks for all FX cash, FX non deliverable and precious metal products (excluding options)**

This section highlights the pre deal checks that SCB AG conducts for all FX cash, FX non deliverable and precious metal products (excluding options) that are dealt through our single dealer platform (SC Markets), API connections and ECNs, and should be read as a supplement to the Order Execution Policy.

Trade request validation checks are designed to be performed in a timely fashion with no artificial delay. In order to ensure a prompt response to any trade request, processing times are monitored, with a trade request being rejected if a timeout is breached, i.e. due to unanticipated delays.

In line with Principle 17 of the FX Global Code, SCB AG do not conduct trading activity that utilises information from a trade request until the decision has been made to accept it. Technical limitations may cause an unanticipated delay after a good-faith decision to accept has been made and trading activity has started. In cases where this delay breaches the processing timeout, SCB AG will reject the trade request and revert to managing its risk excluding the rejected trade.

Electronic communications infrastructure can be subject to latency. The following controls help ensure that SCB AG's clients only transact on a current (and not an old) price.



Controls	Checks
<b>Time to Live</b>	<ul style="list-style-type: none"> <li>Each quote that a client receives is subject to this check, which will ensure that a client is not able to trade on an old price.</li> <li>The client trade request is declined if there has been an excessive period of time passed since an updated quote has been sent</li> </ul>
<b>Verification of Deals</b>	<p>These checks are performed when SCB AG receives a client trade request, and are designed to protect the bank and client against excessive market movement:</p> <p><b><u>Quote Validation</u></b></p> <p>Checks are in place to ensure that the price being traded upon (and the amount) was the price and amount actually quoted</p> <ul style="list-style-type: none"> <li>When a client requests a price, their requested volume will be sent along with their request</li> <li>When the quote is made to a client it will be assigned a unique identifier and the volume will be associated with this identifier</li> <li>If the client/their intermediary or technology provider applies rounding up on the quote provided by SCB AG and request to trade at a price which is more favourable to SCB AG, SCB AG may choose to continue the process the trade request at this more favourable price. Choosing a price that is more favourable to SCB AG will not increase chances of execution</li> <li>When the client requests to trade the message will refer to the identifier and this can be checked to ensure it matches the system record</li> <li>Where this check produces a false result the attempted client transaction is rejected</li> </ul> <p><b><u>Price Sanity</u></b></p> <p>A symmetrical check which is used to protect against the prudential risks that both SCB AG and its clients face in relation to adverse price movements in the market. Asymmetric checks are used in very limited scenarios where there are pre-agreed non-binding preferential rates for certain pegged currency pairs. Any clients with this arrangement will have received a separate communication on this arrangement.</p> <ul style="list-style-type: none"> <li>Rejects a trade request if there has been a variance in excess of a pre-defined threshold in the price between the time at which the client's request was priced and when the order was received for processing.</li> <li>This check is calculated using a quantitative, pre-defined tolerance which will protect against variances and prevent the execution of transactions where the variance exceeds the thresholds.</li> <li>Where SCB AG is the buyer and the client price calculated on receipt is either below or above the client's requested price plus / minus any equal tolerances set, the trade request will be rejected</li> </ul>

### **Additional Checks**

Client trade requests are subject to various other checks, including but not limited to:

- **Validation / Compliance Checks:** These ensure that the client is correctly authorised to trade the requested product on the specified account.
- **Credit Checks:** These limit the maximum credit exposure between the bank and the client to limits determined by the bank
- **Risk Checks:** To limit the risk of rapid build ups of risk, e.g. by limiting rate of new orders and throughput

### **Pre-Deal Validation Checks for Options**

This section highlights the pre deal checks that SCB AG conducts for all Options that are dealt through API connections and Electronic Communication Networks and should be read as a supplement to the Order Execution Policy.

Trade request validation checks are designed to be performed in a timely fashion with no artificial delay. In line with Principle 17 of the FX Global Code, SCB AG do not conduct trading activity that utilises information from a trade request until the decision has been made to accept it. Technical limitations may cause an unanticipated failure after a good-faith decision to accept has been made and trading activity has started. In such cases, SCB AG will revert to managing its position without the impact of failed trade.

<u>Time to Live</u>	<ul style="list-style-type: none"> <li>Each quote that a client receives is subject to this check, which will ensure that a client is not able to trade on an old price.</li> <li>The client trade request is declined if there has been an excessive period of time passed since an updated quote has been sent.</li> </ul>
<u>Verification of Deals</u>	<p>These checks are performed when SCB AG receives a client trade request and are designed to protect the bank and client against excessive market movement.</p> <p><b><u>Quote Validation</u></b></p> <p>Checks are in place to ensure that the price being traded upon (and the amount) was the price and amount actually quoted.</p> <ul style="list-style-type: none"> <li>When a client requests a price, their requested volume or delta risk will be sent along with their request.</li> <li>When the quote is made to a client it will be assigned a unique identifier and the volume will be associated with this identifier.</li> <li>If the client/their intermediary or technology provider applies rounding up on the quote provided by SCB AG and request to trade at a price which is more favourable to SCB AG, SCB AG may choose to continue the process the trade request at this more favourable price. Choosing a price that is more favourable to SCB AG will not increase chances of execution.</li> <li>When the client requests to trade the message will refer to the identifier and this can be checked to ensure it matches the system record.</li> <li>Where this check produces a false result the attempted client transaction is rejected.</li> </ul> <p><b><u>Price tolerance check</u></b></p> <p>A price tolerance check which is used to protect against the prudential risks that both SCB AG and its clients face in relation to adverse price movements in the market. Asymmetric checks are used in very limited scenarios where there are pre-agreed non-binding preferential rates for certain pegged currency pairs. Any clients with this arrangement will have received a separate communication on this arrangement.</p> <ul style="list-style-type: none"> <li>Rejects a trade request if there has been a variance in excess of a pre-defined threshold in the price between the time at which the client's request was priced and when the order was received for processing.</li> </ul>
	<ul style="list-style-type: none"> <li>This check is calculated using a quantitative, pre-defined tolerance which will protect against variances and prevent the execution of transactions where the variance exceeds the thresholds.</li> </ul>

	<ul style="list-style-type: none"> <li>Where SCB AG is the buyer and the client price calculated on receipt is either below or above the client's requested price plus/minus any equal tolerances set, the trade request will be rejected.</li> </ul> <p>Where SCB AG is the seller and the client price calculated on receipt is either above or below the client's requested price plus/minus any equal tolerances set, the trade request will be rejected._</p>
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### **Additional Checks**

Client trade requests are subject to various other checks, including but not limited to:

- Validation/Compliance Checks: These ensure that the client is correctly authorised to trade the requested product on the specified account.
- Credit Checks: These limit the maximum credit exposure between the bank and the client to limits determined by the bank.
- Risk Checks: To limit the risk of rapid build ups of risk, e.g., by limiting rate of new orders and throughput.

### **Pre-Deal Validation Checks for Rates & Credit products**

This section highlights the pre deal checks that SCB AG conducts for all Rates and Credit products that are dealt through API connections and Electronic Communication Networks and should be read as a supplement to the Order Execution Policy.

Electronic communications infrastructure can be subject to latency. The following controls help ensure that SCB's clients only transact on a current (and not an old) price.

- Time to live
  - Quote that a client receives may subject to this check, which will ensure that a client is not able to trade on an old price. The client trade request is declined if there has been an excessive period of time passed since an updated quote has been sent.

Client trade requests are subject to various other checks, including but not limited to:

- Validation/Compliance Checks: These ensure that the client is correctly authorised to trade the requested product on the specified account.
- Risk Checks: To limit the risk of rapid build ups of risk, e.g., by limiting rate of new orders and throughput.
- Deal Validation Checks:
  - These checks are performed when SCB AG receives a client trade request and are designed to protect the bank and client against excessive market movement.
  - Trade request validation checks: these checks are designed to be performed in a timely fashion with no artificial delay. SCB AG do not conduct trading activity that utilises information from a trade request until the decision has been made to accept it. Technical limitations may cause an unanticipated delay after a good-faith decision to accept has been made and trading activity has started.
  - SCB AG has controls in place around price sanity checks/last look, different Electronic Communication Networks might have different control mechanisms, please reach out to your respective salesperson for further details. These controls may include both quantitative, pre-defined tolerances which will prevent the execution of transactions where the variance exceeds the thresholds and manual checks from a trader depending on the ECN and product. Thresholds may not be symmetric.