

standard chartered

# Order Handling and Execution:

## Additional Disclosures and Pre-deal Price Validation Checks

November 2026

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# Additional Disclosures

## 1. Foreign Exchange and Digital Assets

**These disclosures apply for Foreign Exchange, Precious Metals and Digital Assets business executed via all execution channels, including voice, electronic and any algorithmic orders placed with Standard Chartered Bank.**

### Dealing on Own Account or Acting as Principal

Standard Chartered Bank ("SCB") transacts and makes markets in foreign exchange spot and derivatives. SCB conducts these activities strictly as principal, unless otherwise explicitly pre-agreed in writing. The Firm 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'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 may in the course of market making, maintain positions in various products and instruments for multiple counterparties with competing interests, alongside SCB's own business interests. Acting in a principal capacity, SCB may trade prior to or alongside your transaction to execute other transactions for SCB or to facilitate transactions with other counterparties, to manage risk, source liquidity or for other applicable commercial reasons.

SCB'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, SCB intends to carry out market making activities in a manner which seeks to avoid undue market impact.

### Pre-Hedging Practices

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

### Reference Time Orders (RTOs)

From time to time you may request SCB 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 12:00 PM United Kingdom time today". This order will not be transacted against any official benchmark price.

Your order will be managed at the full discretion of SCB as an at best order, taking into account market characteristics and liquidity before, during and after the specific time unless explicitly instructed otherwise. SCB 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 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 shall assume that you agree to transact RTOs on this basis unless SCB hears from you to the contrary.

### Execution Venues

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

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

SCB 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 will continually monitor the available information and as additional information and/or external data become available, this will be incorporated into SCB's pricing controls and reviews. This also includes the assessment of the ongoing efficacy of the service and execution provided to SCB 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 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 will then confirm your order as soon as possible as having been "done" either electronically or by a SCB 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 Markets representative will only be considered live when acknowledged by SCB.

As per SCB's 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

SCB is committed to acting transparently when dealing with our clients, as such SCB 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 will disclose in sufficient detail, the conflict(s). For further information on conflicts of interest please see SCB's website.

## Post-Trade Reporting and Monitoring

SCB statistically monitors 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, SCB 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 Price: The SCB 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 Cost/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 SCB is determined by 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 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 price which is outside of the day's range for that product.

Where SCB is working an order for a client the trigger price is defined as the price at which the market needs to reach 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 reach 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 triggered due to the additional sales margin, although the market price has 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, SCB 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 does not structure or charge commissions in such a way as to discriminate unfairly between execution venues.

### Order Aggregation and Allocation

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

If SCB 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 may allocate the transaction proportionately.

In the event an order is aggregated with a transaction for SCB, SCB will follow the First in, first out ("FIFO") allocation principle for all orders (including internal orders). In the case where 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 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 (AFOs)

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 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 is a member of the panel of benchmark submitters, SCB 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 shall assume that you agree to transact AFOs on this basis unless SCB hears from you to the contrary.

### Stop-Loss Orders (SLOs)

You may from time to time place Stop Loss Orders with Standard Chartered Bank. 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 predefined trigger price, are termed SLOs. SCB 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 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 shall assume that you agree to transact SLOs on this basis unless SCB hears from you to the contrary. SCB 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. These options are a category of options 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 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 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 shall assume that you agree to transact Binary Options on this basis unless SCB hears from you to the contrary. SCB 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 SCB's reasonable view of the market rate or prices for the instrument(s), as at the displayed time. SCB makes no representations around the frequency at which these rates or prices will be refreshed. In addition, SCB 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 SCB. 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 Markets contact accordingly. Formal valuations of securities will only ever be provided by SCB through its Client Valuations Group (Customer.Valuation@sc.com).

# Pre-deal Validation Checks

FX Cash, NDF, Digital Assets and Precious Metals

This section highlights the pre-deal checks that SCB conducts for all FX Cash, NDF, Digital Assets and Precious Metal products (excluding Options) that are dealt through our single dealer platform (SC Markets), 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 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 and Principle 9 of Global Precious Metals Code, SCB does 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 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's clients only transact on a current (and not an old) price.

| Controls | Checks |
|---|---|
| Time to Live | • 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.<br>• The client trade request is declined if there has been an excessive period of time passed since an updated quote has been sent. |
| Verification of Deals | These checks are performed when SCB receives a client trade request.<br>Quote Validation |

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| | Checks are in place to ensure that the price being traded upon (and the amount) was the price and amount actually quoted.<br><br>• When a client requests a price, their requested volume will be sent along with their request.<br>• When the quote is made to a client it will be assigned a unique identifier and the volume will be associated with this identifier.<br>• If the client/their intermediary or technology provider applies rounding up on the quote provided by SCB and request to trade at a price which is more favourable to SCB, SCB may choose to continue to process the trade request at this more favourable price. Choosing a price that is more favourable to SCB will not increase chances of execution.<br>• 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.<br>• Where this check produces a false result the attempted client transaction is rejected.<br><br>Price Sanity<br><br>A symmetrical check which is used to protect against the prudential risks that both SCB 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.<br><br>• 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. |
| | • 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.<br>• Where SCB 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.<br><br>Where SCB 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. |

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.

Options

This section highlights the pre-deal checks that SCB conducts for all Options that are dealt through our single dealer platform (SC Markets), 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 and Principle 9 of Global Precious Metals Code, SCB does 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 will reject the trade and take steps to revert to managing its position without the impact of rejected trade.

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| Time to Live | • Each quote that a client receives is subject to this check, which will ensure that a client is not able to trade on an invalid price.<br>• The client trade request is declined if there has been an excessive period of time passed since a quote has been sent. |
| Verification of Deals | These checks are performed when SCB receives a client trade request and are designed to protect the bank and client against excessive market movement.<br><br>Quote Validation<br><br>Checks are in place to ensure that the price being traded upon (and the amount) was the price and amount actually quoted.<br><br>• When a client requests a price, their requested volume or delta risk will be sent along with their request.<br>• When the quote is made to a client it will be assigned a unique identifier and the volume will be associated with this identifier.<br>• 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.<br>• Where this check produces a false result the attempted client transaction is rejected. |
| | Price tolerance check<br><br>A price tolerance check which is used to protect against the prudential risks that both SCB and its clients face in relation to adverse price movements in the market. On the receipt of a trade request, absolute movement in the price of the option, its underlying and derivatives thereof may be compared against various pre-determined thresholds. If any of the pre-determined thresholds are exceeded then the trade is rejected. |

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.

Base Metals

This section highlights the pre-deal checks that SCB conducts for Base Metal orders that are dealt through S2BX Metals and should be read as a supplement to the Order Execution Policy.

S2BX Metals is an electronic order book which allows clients to place Base Metals order electronically for SCB to manage. SCB may provide indicative prices to clients on a request for quote or on a streaming basis.

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. For example, Standard Chartered Bank checks a client can trade Copper within a maximum maturity as part of order acceptance. Required metrics upon order placement include Product (such as Copper), Type (outright or carry), Maturity, Volume, Limit Price, order validity. More complex order types require other metrics related to the order type such as Trigger and Limit price when entering a STOP Limit order.
- Credit Checks: These limit the maximum credit exposure between SCB and the client to limits determined by SCB. Where applicable, approved credit capacity may be reserved to prevent the same credit headroom being utilised simultaneously across multiple trading channels. This reserve can be consumed either on a Gross or PFE calculation basis.
- Risk Checks: To limit the risk of rapid build-ups of risk, e.g., by limiting rate of new orders and throughput. Orders are validated against maximum order size and clip-size thresholds designed to prevent erroneous or excessively large order entry. Client activity may be subject to maximum long and short position limits configured at client level, including aggregate daily trading limits.

In addition to the above controls, SCB has other system controls, for instance, Client orders are subject to order event throttling. In line with current London Metal Exchange rules on throttling, SCB has implemented its own throttle controls.

SCB also implements a price tolerance check at order placement to ascertain if the order price falls within a pre-defined threshold of previous day's closing value.

Rates and Credits

This section highlights the pre-deal checks that SCB 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 be 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 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 does 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 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.

## Version Control

| Date Published | Summary of Material Changes |
|---|---|
| 4 July 2019 | All relevant disclosures consolidated into Additional Disclosures document and sorted by Foreign exchange, Financial Markets and Pre-hedging |
| 19 May 2020 | Foreign Exchange Market Risk Transfer Disclosure updated to reflect that point at which market risk transfers to SCB is at the time that the pre-agreed and acknowledged terms your order have been met. |

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| 21 September 2021 | Included wording around asymmetric checks and post trade reporting and monitoring. |
| 2 November 2021 | Updated exiting format |
| 10 February 2022 | Updated AFO disclosure to reflect solicitation of AFO is permitted. |
| 24 November 2022 | Included pre-deal checks conducted for base metal products dealt via S2BX Metals. |
| 15 February 2023 | Updated disclosure around quote validation. |
| 14 April 2023 | Added reference to Principle 9 of Global Precious Metals Code in Pre-Deal Validation Check section |
| 28 February 2024 | Updated Market Price definition for stop loss and take profit orders<br>Updated Execution Cost & Sales Margin section -trigger price definition for stop loss and take profit order<br>Updated Order Aggregation & Allocation section - allocation methodology for stop loss and take profit orders |
| 6 December 2024 | Updated the scope of the disclosure to include digital assets<br>Updated the use of term from “FM” to “Markets”<br>Replaced Market Price with SCB Price as the reference price which is used by SCB<br>Included Pre-Deal Validation checks for options, rates and credit products. |

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| 12 November 2026 | Updated Pre-Deal Validation checks for Base Metals.<br>Removal of Systematic Internalisers. |