

HMS LUX S.A. BEST EXECUTION POLICY (ONLINE TRADING)**1. INTRODUCTION**

1.1. This policy is issued pursuant to, and reflects compliance with, the European Directive 2004/39/EC of 21 April 2004 on markets in financial instruments (MIFID) and with the Implementing Luxembourg legislation (the "Rules") that applies to HMS LUX S.A. ("HMS"). It is not intended to create third party rights or duties that would not already exist if the policy had not been made available and it does not form part of any contract between HMS and any client or prospective client.

1.2. HMS Trader is a white label front end-trading interface provided to HMS by Saxo Bank A/S Denmark Hellerup, Denmark (Saxo Bank) hereafter referred to as "service provider". online trading services provided to HMS by said Service provider include: trading software technology, order execution, market making, order routing, and clearing, settlement and depository services. When HMS deals for or on behalf of its clients whereby Clients go online and place orders and trade using the HMS Trader platform, HMS shall act as riskless principal unless otherwise indicated in writing or notified to the client.

1.3. Upon acceptance of a client order and when there is no specific client instruction regarding the execution method, HMS will endeavour to execute that order in accordance with HMS's Best Execution policy.

1.4. Nevertheless, whenever there is a specific instruction from a client HMS shall execute the order following the specific instruction. In fact, any specific instructions from a client may prevent HMS from taking the steps that it has designed and implemented by using its service provider to obtain the best possible result for the execution of those orders in respect of the elements covered by those instructions.

1.5. This Policy is available to clients upon request and is also made available on our website at <http://www.hmslux.com>. HMS reserves the right to amend or supplement this Policy at any time.

2. PRODUCTS COVERED BY THIS POLICY

2.1. The financial products to which this policy applies are; Stocks, Bonds, Exchange Traded Funds, Futures, Foreign Exchange Forwards, Foreign Exchange Options and OTC securities i.e. (Contacts for Difference). Spot Foreign Exchange does not fall within the scope of this policy.

2.2. The trading conditions for the products available on the HMS trader platform are available on HMS website (www.hmslux.com) as well as HMS Trader platform.

3. HMS'S APPROACH TO BEST EXECUTION

3.1. HMS uses the services of its service provider as sole partner and venue to identify and seek to obtain the most favourable terms reasonably available when executing a buy or sell order on behalf of its clients.

3.2. To do this HMS relies on three basic components provided by its service provider in this process:

- Technology for routing, monitoring and executing orders;
- Careful consideration of the elements of order execution;
- Examination of the overall execution quality.

3.3. When executing a buy or sell order, the service provider on behalf of HMS and HMS Clients always considers:

- the status of the client as retail or professional;
- the nature of the client order;
- the characteristics of the financial instruments that are subject to that order;
- the characteristics of the execution venues to which that order can be directed.

4. THE ROLE OF TECHNOLOGY IN EXECUTING CLIENT ORDERS

4.1. HMS has commissioned the services of the service providers automated systems to route and execute all HMS customer orders. When a customer order is received by HMS, it is automatically routed via its service provider to an execution centre that the service provider believes will provide the best execution or kept in-house with the service provider for products which service provider trades against its own proprietary desk (e.g. OTC products). HMS itself does not trade Client orders against HMS proprietary trading books.

4.1.1. For listed securities (i.e. cash Stocks and Futures), HMS routes all Client orders to its service provider who in turn may route orders to an exchange or to a third party for execution. HMS's service provider or its third parties may for listed securities admitted to trading on a Regulated Market or Multilateral Trading Facility ('MTF') execute said securities outside of the Regulated Market or 'MTF'

4.1.2. For OTC securities, HMS routes all Client orders to its service provider who in turn may trade against its own proprietary desk or will route the orders to other market maker firms. Orders are only sent to firms that comply with limit order display and "Manning" limit order protection rules. Many of these firms also provide automated executions for orders.

4.1.3. For FX forwards and options, HMS will route all Client orders automatically to its service provider where they are routed internally against the service providers' own book as the service provider acts as a market maker.

5. THE ELEMENT OF OUR BEST EXECUTION POLICY

5.1. When executing orders on your behalf, HMS will take all reasonable steps to achieve the best possible result taking into consideration the execution criteria and execution factors mentioned below. HMS verifies from time to time that its service provider regularly reviews routing determinations; these are mainly based on five criteria. Hence to determine the best way to execute an order for a client, HMS verifies that its service provider takes into consideration:

Execution Criteria Includes:

- Your categorisation
- The characteristics of each instrument
- Nature of each order
- Execution venue that HMS's service provider directs or may direct each order to

Execution Factors: The factors include, price, speed and size or any other considerations that are deemed relevant such as the points outlined below.

Stocks: The factors of price, likelihood of execution, speed and size as well as the points mentioned below are important. The relative importance of each order may differ, our centralised order routing venue will use its experience, knowledge and fair judgment to determine the importance of each of the factors below and execute all orders on behalf of HMS's clients accordingly.

Bonds: The factors of price, likelihood of execution, speed and size as well as the points mentioned below are important. The relative importance of each order may differ, our centralised order routing venue will use its experience, knowledge and fair judgment to determine the importance of each of the factors below and execute all orders on behalf of HMS's clients accordingly.

Forex spot: The factors of price, likelihood of execution, speed and size as well as the points mentioned below are important. The relative importance of each order may differ, our centralised order routing venue will use its network experience, knowledge and fair judgment to determine the importance of each of the factors below and execute all orders on behalf of HMS's clients accordingly.

Forex forwards: The factors of price, likelihood of execution, speed and size as well as the points mentioned below are important. The relative importance of each order may differ, our centralised order routing venue will use its network, experience, knowledge and fair judgment to determine the importance of each of the factors below and execute all orders on behalf of HMS's clients accordingly.

Forex Options: The factors of price, likelihood of execution, speed and size as well as the points mentioned below are important. The relative importance of each order may differ, our centralised order routing venue will use its network, experience, knowledge and fair judgment to determine the importance of each of the factors below and execute all orders on behalf of HMS's clients accordingly.

Contracts for difference (CFD): The factors of price, likelihood of execution, speed and size as well as the points mentioned below are important. The relative importance of each order may differ, our centralised order routing venue will use its network, experience, knowledge and fair judgment to determine the importance of each of the factors below and execute all orders on behalf of HMS's clients accordingly.

Futures: The factors of price, likelihood of execution, speed and size as well as the points mentioned below are important. The relative importance of each order may differ, our centralised order routing venue will use its network, experience, knowledge and fair judgment to determine the importance of each of the factors below and execute all orders on behalf of HMS's clients accordingly.

The following section makes reference to the following instruments if and when available on the HMS Trader platform.

NON COMPLEX PRODUCTS	COMPLEX PRODUCTS
Stocks	Forex forwards
Bonds	Forex options
Forex spot	CFDs
	Futures

5.1.1. **Speed and Likelihood of the Execution:** Because of the unprecedented levels of volatility affecting both price and volume, HMS requires its service provider to seek to provide HMS customer orders with the fastest execution reasonably possible. Many of the firms to which HMS's service provider route agency orders automatically execute orders up to a certain number of shares (the number differs by security).

5.1.2. **Price Improvement and Overall Consideration of Costs:** Orders in OTC and listed securities are routed to market makers and/or market centres where opportunities for price improvement exist. The criteria to be used by other market makers and/or market centres include:

- Automatically matching incoming market and limit orders to pending limit orders,
- Crossing transactions where price improvement is offered to one or both sides of the trade.

5.1.3. **Size Improvement:** In routing orders, HMS requires its service provider to seek markets that provide the greatest liquidity and thus potential for execution of large orders. HMS requires its service provider to also seek opportunities for client orders to benefit from order-size guarantees offered by exchanges and other dealers.

5.1.4. **Overall Execution Quality:** When determining how and where to route or execute an order, HMS relies on the traders of its service provider to draw on extensive day-to-day experience with various markets and market makers, focusing on prompt, sequential and reliable execution.

5.1.5. **Clients' specific instructions:** HMS will always execute customer orders in accordance with the instructions given by that customer or on its behalf. Consequently, if a client requires his/her order to be executed in a particular manner and not in accordance with HMS's best execution principles set forth; he/she must clearly state his/her desired method of execution when he/she places the order. To the extent that a customer instruction is not comprehensive, we will determine any non-specified components of the execution in accordance with these best execution principles.

5.2. HMS invites you to bear in mind that the duty of best execution not only relates to price but also involves the consideration of various factors including cost, speed and likelihood of execution and settlement. Even if a trade appears not to have been executed at the best possible price afterwards, it does not necessarily constitute a violation of the duty of best execution.

6. REGULAR REVIEW OF EXECUTION QUALITY AND OF EXECUTION VENUES

6.1. HMS requires its service provider to regularly evaluate the overall quality of its executions. HMS will from time to time study the quality of executions for listed and OTC retail market orders.

6.2. HMS requires that senior managers of its service provider meet periodically to evaluate execution quality and make recommendations regarding order routing practices. HMS requires its service provider to continually review and modify its policy to improve the overall quality of executions of all HMS clients' orders.

7. EXECUTION VENUE CURRENTLY CHOSEN

7.1. HMS uses the service provider as a single venue for order routing and order execution; in turn the service provider uses the regulated markets when trading stocks and CFDs as chosen venues for trading. All trades are benchmarked to the pricing and liquidity in the primary regulated market for a selected company.

7.2. HMS relies on its service provider to use Stock brokers as order routing facilitators and in some cases an order will be filled internally with its service provider or at another trading venue other than the regulated exchange, if this will result in a better execution of the trade than if it was routed to the regulated market.

7.3. As order routing vendor HMS's service provider uses:

- Goldman Sachs
- Dresdner Kleinwort Wasserstein

- Deutsche Bank
- UBS
- Marix Financial

8. PRICE VOLATILITY

8.1. Volatility is one factor that can affect order execution. When investors place a high volume of orders with brokers, order imbalances and backlogs can occur, requiring more time to execute orders. This is because of delays caused by the number and size of orders processed, the speed at which current quotations or last-sale information is provided to HMS's service provider and other brokerage firms, and system capacity constraints applicable to the given exchange, as well as to HMS's service provider and other firms.

8.2. HMS does not aggregate or match client orders internally against its own books, however HMS transmits all client orders to its service provider. The client's orders may, at the discretion of HMS's service provider but still in compliance with the HMS's Best Execution principles, be aggregated with the service provider own orders, orders of any of the service providers' associates and/or persons connected with the service provider (including employees and other clients). Furthermore, HMS's service provider may split the client's orders as well as aggregated orders when executing such orders. Although orders will only be aggregated or split where the service provider reasonably believes it to be in the overall best interest of HMS's clients, aggregation and split may on some occasions result in the client obtaining a less favourable price than if the client's orders had been executed respectively separately or mutually. In such case, HMS requires its service provider to give priority to factors affecting execution other than simply price, like the overall consideration of costs or the size and nature of the order or the likelihood of execution and settlement. Even if a trade appears not to have been executed at the best possible price afterwards, it does not necessarily constitute a violation of the duty of best execution by itself.

8.3. Keep in mind that even electronic orders are not executed simultaneously; some orders placed through online trading systems may be sent over the internet to a trader operating at HMS's service provider, who then determines where to send them for execution. When high traffic in electronic orders causes a backlog, HMS's service provider, as well as market makers to which orders are sent for execution, must sometimes discontinue normal automatic execution procedures and turn to manual execution, leading to further delay.

8.4. In order to minimize such a risk, HMS requires its service provider to put in place procedures and arrangements, which provide for the prompt, fair and expeditious execution of all HMS client orders.

9. EFFECT ON ORDER EXECUTION

Investors should be aware of the following risks associated with volatile markets, especially at or near the open or close of the standard trading session:

- Execution at a substantially different price from the quoted bid or offer or the last reported sale price at the time of order entry, as well as partial executions or execution of large orders in several transactions at different prices.
- Delays in executing orders for securities that HMS's service provider must send to another market maker and which may not be handled electronically if the trader at the service provider must route the order manually to another firm.
- Opening prices that may differ substantially from the previous day's close.
- Locked (the bid equals the offer) and crossed (the bid is higher than the offer) markets, which prevent the execution of customer trades.
- Increased price volatility resulting from imbalances between buy and sell orders during Initial Public Offerings ("IPOs").

10. ALTERNATIVE TYPES OF ORDERS

Given the risks that arise when trading in volatile markets, you may want to consider using different types of orders to limit risk and manage investment strategies.

10.1. **Market order:** This is the simplest type of order. Here, an investor tells a broker to execute a trade of a certain size as promptly as possible at the prevailing price. Firms are required to execute market orders without regard to price changes. Therefore, if the market price moves significantly during the time it takes to fill an investor's order, the order will most likely be exposed to the risks outlined above, including execution at a price substantially different from the price when the order was entered. Certain Exchanges* do not support market orders. If you place a market order in these markets, HMS' Service Provider will automatically translate the order to an aggressive limit order with a certain percentage limit "in the money"**. It is the client's own responsibility to check if the order is traded in the market after order entry. If you

experience or suspect any errors with your order you should contact the HMS helpdesk immediately.

* Exchange	**Percentage Limit
American Stock Exchange (Amex)	2.50 %
Australian Stock Exchange (ASX)	1.00 %
Athens Stock Exchange (AT)	2.00 %
Oslo Stock Exchange (OSE)	2.50 %
OMX Copenhagen (CSE)	2.50 %
OMX Helsinki (HSE)	2.50 %
OMX Stockholm (SSE)	2.50 %
Singapore Exchange (SGX/ST)	1.00 %

Some of our execution Brokers may choose to translate market orders on various markets into aggressive limit orders 3% in the money. This is often a result of internal compliance requirements applied to protect clients from "Bad Fills". HMS or its service provider cannot be held responsible for missing fills due to such translation performed by third party execution brokers.

10.2. **Limit order:** With a limit order, the investor sets the maximum purchase price, or minimum sale price, at which the trade is to be executed. If the market moves significantly away from this price, the order will not be executed unless or until the market price returns to the limit price. Since a limit order is always entered away from the current market price, it is almost never executed immediately unless the limit order is extremely close to the market and the market moves. A client that leaves a limit order must be aware that he/she is giving up the certainty of immediate execution in exchange for the expectation of getting an improved price in the future. Limit orders for exchange-traded products are always routed to the exchanges. Liquidity of certain markets will have an effect when filling limit orders. Therefore limit orders are not guaranteed to be executed even if the market has traded at the limit price.

10.3. **Stop order:** When a stop order is placed and the established stop price is triggered, the order is automatically sent for execution as a market order at the price then prevailing. Thus, a stop order becomes a market order only when a certain price level (the stop) is triggered. Unlike the limit order it does not define the actual price at which the trade will be executed, but rather the price that will cause the trade to be initiated. While a stop order does not guarantee the price of execution, it ensures that the trade under normal circumstances will be executed if the price level is triggered and liquidity is available. Stop Orders, normally intended to limit losses to a certain amount, may not effectively limit losses.

10.4. **Stop Limit order:** When a stop limit order is placed and the established stop price is triggered, the order is automatically sent for execution as a market order but no worse than the limit price at the price then prevailing. Thus, a stop limit order becomes a market order with a limit price when a certain price level (the stop) is triggered. Unlike the limit order it does not define the actual price at which the trade will be executed, but rather the price or the maximum or minimum price (the limit price) that will cause the trade to be initiated. A stop limit order does not have a guarantee of execution, if liquidity is insufficient the market in question may trade through the limit price and the investor may have no execution. In this case the investor will remain exposed, as the order will not be executed unless or until the market price returns to or through the limit price. Stop Limit Orders, normally intended to limit losses or maximise profits to a certain amount, may not effectively limit losses or maximise profits.

10.5. **Trailing Stop Orders:** The trailing Stop order is a stop order as described in 10.3 but the trailing stop price moves according to parameters set by the client. This way the trailing stop can be used to sell if price drops more than a specified distance from the highest price traded or to buy if the price trades above a set level from the lowest traded price.

11. HMS's account documents

11.1 HMS' Best Execution policy specifies the terms and conditions that already constitute an integral part of the HMS account documents. Hence the policy is to be read and understood in light of the entire account documents.