

	Instinet Pacific Limited	Commercial in Confidence
SFC Code of Conduct Ref/Schedule 7 Ref	Question	Answer
<p>s 18.4 Management and Supervision/s 1.1 1.1.1(a)</p>	<p>Please introduce your firm, its core businesses as well as its principals, directors, officers and key managers.</p> <p>Please identify the RO(s) responsible for the overall management and supervision of the electronic trading system including their functional job title (you may have multiple ROs for settlement and financial obligations of orders sent to the market through your electronic trading systems as well as implementation of policies, procedures and controls to supervise the orders in accordance with applicable regulatory requirements.) Please note that you may also provide these details in the form of an electronic trading contact sheet, with the ROs clearly identified.</p> <p>If you are not a SFC licensed or registered institution, please provide full details of your management and escalation contacts.</p>	<p>Instinet Pacific Limited (IPL) is a corporation (CE No.ABB038) licensed by the Securities and Futures Commission to carry out regulated activities Type 1 (dealing in securities), Type 4 (advising on securities) and Type 7 (automated trading services) under the Securities and Futures Ordinance (Cap. 571) of Hong Kong. We act as an agency broker.</p> <p>IPL's management team comprises of the following individuals:</p> <p>Dillon McNiven: Head of Asia Pacific Richard Appleby: COO, Asia Pacific Julie Chew: CFO, Asia Pacific Liam Madden: Head of General Counsel, Asia Pacific Sunny Yip: Head of Technology, Asia Pacific</p> <p>IPL's ROs for electronic trading are: Dillon McNiven Managing Director, Head of Asia Pacific</p> <p>Rafi Mohideen Managing Director, Head of AEJ Execution Trading</p> <p>Paul Beresford Managing Director, Head of AEJ High Touch Sales Trading</p> <p>An Electronic Trading Contact Sheet is available from your coverage trader.</p>

<p>s 18.4 Management and Supervision/s 1.1 1.1.1(b)</p>	<p>Is there a specific governance group that provides review and oversight of the electronic trading system, its policies, procedures and controls? Where is this group based? Is there representation from the dealing, risk and compliance functions, including from the HK office? What are its objectives and how often does it meet?</p> <p>Is there a Risk Management Framework dedicated to Electronic trading, how often is it reviewed and by whom?</p>	<p>IPL has a dedicated Electronic and Algorithmic Trading Committee, reporting into the regional Risk Management and Compliance Committee. Both committees are comprised of persons who have a managerial, supervisory, compliance or risk management role within the IPL business.</p> <p>The objective of the Electronic and Algorithmic Trading Committee is to provide oversight of IPL’s electronic trading business. The Risk Management and Compliance Committee is tasked with insuring that the IPL business is operated in a manner consistent with IPL’s risk appetite.</p> <p>Yes, IPL maintains separate policies and procedures for electronic trading which includes risk management relating to electronic trading.</p> <p>Relevant policies are reviewed by the Electronic and Algorithmic Trading Committee on an annual basis. Changes are approved by the Risk Management and Compliance Committee. More frequent review takes place as required.</p>
<p>s 18.4 Management and Supervision/s 1.1 1.1.1(c)</p>	<p>Outline the reporting structure for employees involved in the design, deployment and day-to-day operation of the electronic trading system?</p>	<p>Instinet operates a global operating model for the design and development of its electronic trading system, regional input is provided during this process. Localisation, deployment and day-to-day operation are managed in Asia. Relevant local staff, involved in the design, development and support of the electronic trading system report into one of the teams outlined below:</p> <ul style="list-style-type: none"> • Technology: Headed by Sunny Yip (Head of Technology, Asia) • Trading Research: Headed by Madhu Parthasarathy (Head of Global Trading Research, Asia) • Product: Headed by Richard Appleby (COO and Head of Product, Asia) <p>Trading Research reports into Dillon McNiven, Head of Instinet Asia. Technology reports into Richard Appleby, COO for Asia.</p>

		<p>Dillon McNiven is Overall Manager in Charge and the RO responsible for the Electronic Trading Platform. Other licensed individuals, including RO's, are also engaged in the design and development of the electronic trading system.</p>
<p>s 18.4 Management and Supervision/s 1.1 1.1.1(d)</p>	<p>Please detail how often policies, procedures and controls are formally reviewed in order to ensure that they are in line with changing market conditions? By whom are they reviewed?</p> <p>What is the process for addressing any deficiencies identified?</p> <p>Do you restrict internal access to the electronic trading system according to function of staff and how often are access records reviewed?</p> <p>How often do you conduct a certification process of client accesses?</p>	<p>The Algorithmic and Electronic Trading Committee formally reviews policies and procedures relating to IPL's electronic trading system at least annually. Changes to policies and procedures are endorsed by the Regional Risk Management and Compliance Committee. Ad hoc reviews of relevant policies could also be triggered by changes in regulations or other market driven events.</p> <p>Identified deficiencies relating to policies, procedures and controls will be discussed in relevant working groups and, where necessary, escalated to the Electronic and Algorithmic Trading Governance Committee. Where deficiencies relate to risk appetite or compliance with applicable rules and regulations there will also be an escalation to the Regional Risk Management and Compliance Committee. Agreed action plans will be developed, and tracked, to remedy any deficiency. Minutes for committee meetings are maintained and action items tracked.</p> <p>Yes. In accordance with Instinet's User Access Management procedures staff requiring access to the electronic trading system must obtain approval from their line manager as well as the relevant system owner. Approvals also govern the level of access that individual users are granted. Periodic user access reviews are conducted with sign-off being required from line managers and system owners.</p> <p>This is done at least annually.</p>
<p>s 18.4 Management and Supervision/</p>	<p>Where you also design, develop and deploy an electronic trading system, please ensure that your answers to 1.1.1 cover these activities.</p>	<p>Noted and included above.</p>

<p>s 1.1.2</p>		
<p>s 18.4 Management and Supervision/ s 1.1.4</p>	<p>Describe which staff are involved in the design, development and offering of the relevant electronic systems for use by clients, illustrating their relevant qualifications and any relevant training.</p> <p>Are relevant staff provided with training on those Firm's policies, risks and controls applicable to electronic trading systems?</p> <p>Please certify that you have adequately qualified staff, expertise, technology and financial resources to operate the electronic trading system.</p> <p>Where your resources are located outside of Hong Kong are they alerted to the SFC's regulations and requirements around Electronic trading?</p>	<p>Instinet's electronic trading system is developed in accordance with a global operating model. Regardless of development location, the product development cycle includes input from the regional teams.</p> <p>Products are referred to the relevant region for localisation at the point of local deployment.</p> <p>Instinet is an electronic trading pioneer and has a long history of employing highly skilled, industry leading, staff. Instinet's development teams include staff with extensive experience in the design and development of electronic systems. During our hiring processes staff qualifications, and experience, are verified against external sources.</p> <p>Yes. New staff are provided with the firm's general policies and procedures, as well as those relevant to their specific job function.</p> <p>Each employee involved in electronic trading must certify that they understand, and will comply, with the firm's electronic trading policies. Specialised training on Instinet's electronic trading systems, including Instinet's algorithms, and the applicable policies, procedures and risk controls is conducted on a regular basis.</p> <p>IPL certifies that it has adequately qualified staff, expertise, technology and financial resources to operate the electronic trading system.</p> <p>Yes. IPL is part of the Instinet Group. Development is conducted in accordance with a global operating model. Products are subject to localisation at the point of regional implementation. Global product and development teams are aware of the SFC rules, IPL employees are required to sign-off on localisation of products before they can be released.</p>

<p>s18.5 Adequacy of System</p>	<p>Outline the features (risk controls, supervisory controls, design elements and/or other features) of the electronic trading system designed to ensure the integrity of the system (including as to system reliability, security, capacity and contingency measures).</p>	<p>Multiple teams are involved in the monitoring of the electronic trading system. Instinet employs a range of in-house developed monitoring tools which include alert dashboards and other notification tools. Threats to system integrity are notified to the relevant teams.</p> <p>Regular testing is performed to ensure system reliability and capacity is stress tested to at least 3 times the current peak load.</p> <p>Risk controls are designed and implemented with input from the trading, development, and compliance teams. Consideration is given to market-specific operating environments as well as the scope of the specific electronic trading system.</p> <p>All electronic trading systems are expected to contain a set of key controls, relevant to the systems specific function. Such controls could include:</p> <ol style="list-style-type: none"> 1. Maximum Order Size / Price Tolerance 2. Liquidity controls 3. Outbound Message Rate Throttles 4. Kill Switches and Emergency Shutdown/ Re-start Procedures 5. Cumulative Client Exposure 6. Reference Data Integrity 7. Market Data Integrity
<p>s18.5 Adequacy of System/ s 1.2.1(a)</p>	<p>Describe the controls (including how any automated controls operate) implemented in respect of the system to (i) prevent the system generating and sending orders to the market, and (ii) cancel unexecuted orders.</p>	<p>Under normal operating conditions the electronic trading system includes a number of control points where individual orders will automatically pause, pending trader intervention.</p> <p>In extreme situations kill switches can be invoked to prevent the generation of new orders as well as cancel all open orders. Each electronic trading system is required to have documented and tested kill switch procedures. These documents include the steps required to invoke the kill switch as well as the relevant approvals required to proceed with invocation.</p>

	<p>Describe the circumstances/ situations in which such controls would be activated.</p> <p>Explain the methodology/ factors by which such controls have been derived (e.g. by order size, number, frequency or other relevant criteria).</p> <p>Are there any additional circumstances in which orders may be overridden or cancelled? If so, how would these controls be implemented?</p>	<p>Scenarios that give rise to automated pausing of orders will be dependent on the specific electronic trading system and factors such as the market and the trading phase. Situations resulting in a paused order could include the breach of a pre-trade filter or rejection threshold or, a disorderly market signal triggering.</p> <p>The decision to invoke a kill switch will be taken by the business in consultation with the various technology support teams. Factors such as the following will be taken into consideration:</p> <ul style="list-style-type: none"> • The nature and extent of the issue • The client and market impact of invoking and no invoking the kill switch • Whether all other contingencies have been exhausted <p>The automated controls have been derived with an objective of preventing volume/price impact and ensuring orderly trading behaviour.</p> <p>In most of the cases, when an algo order is found violating a control, the order would be paused, pending trader review. The trader can review, make any parameter changes and/or override the control (resume) or cancel the order.</p>
<p>s18.5 Adequacy of System/ s 1.2.2</p>	<p>Describe your process for regularly testing your electronic trading system and its connections and linkages if applicable, and by whom is it overseen?</p> <p>Are the electronic trading system/platform you provide to clients and all modifications to the system tested before deployment?</p> <p>In what kind of situation would the testing environment not be used?</p>	<p>Instinet performs manual and / or automated testing for every patch release (approximately every two weeks). Full automated / manual regression testing of the algorithmic trading system is performed when any significant system upgrade or trading feature enhancement occurs, or at least once a year.</p> <p>Depending on the nature of the change, testing is performed by the Trading Operations Team, GTR Operations, and/or QA. Releases are tested in a UAT environment before being released into production.</p> <p>The only changes made directly to the production, that have not first passed through the testing process, are very minor configuration changes. These usually involve changes to client-specific parameter defaults.</p>

	<p>Describe the process and scope for testing any material new functionality, and any generic tests that ensure the overall integrity of the system before modifications are released to the market.</p> <p>Describe your process for deploying your electronic trading systems and any system modifications to users?</p> <p>Please describe the sign off procedure before deployment.</p> <p>How often is the electronic trading system reviewed to ensure that the system and modifications are reliable? How is reliability tested for?</p> <p>Please describe how these “health checks” are conducted and the latest result.</p>	<p>Instinet performs a full regression test, including system level testing, at least once in a year. During this process live order flow and market data is replicated into the UAT environment. Comparisons are made against the production environment to ensure behaviours are in line with expectations.</p> <p>In addition, test portfolios are manually synthesised providing focused testing of areas considered high risk. These areas could represent parts of the global framework that have undergone significant change in the new release, or parts of the system that are generally the most active.</p> <p>Any new algorithm / SOR version will be released to BETA where Instinet traders will pilot new functionality internally in a dedicated environment before offering new features to external users. This process is overseen by the Electronic Trading Responsible Officer with assistance, if needed, from the Compliance function.</p> <p>Production software changes must be approved by the appropriate technology lead and / or product head as well as a representative from the business and compliance. In the case of emergency changes senior management approval is also required.</p> <p>The electronic trading system is monitored in real-time, any issues are revealed contemporaneously. Similarly, reliability issues are monitored through real-time observation as well as reviews of system issues or outages. This process is ongoing.</p> <p>Please see above. The process is ongoing.</p>
<p>s18.5 Adequacy of System/ s 1.2.4 (a)</p>	<p>What techniques and processes exist to authorise access to the electronic trading system? What is your security access method? e.g. Encryption, integrated user login with LDAP, specific port.</p> <p>Describe your controls (including reviews or audits) to authenticate or validate the identity and authority of the</p>	<p>Internal access to the electronic trading system requires successful username and password authentication. Users are assigned a level of access appropriate to their specific role, and associated responsibilities. In accordance with Instinet’s User Access Management (UAM) process user access rights are reviewed by line managers and information owners on a regular basis. Approvals are subjected to a further review by internal audit.</p>

	<p>system users and ensure access is on a need-to-have basis.</p>	<p>Access to the firm’s electronic trading systems from external networks is controlled by firewalls and employs standards-based encryption, where encryption is required. User access is controlled by the client on-boarding and compliance teams.</p>
<p>s18.5 Adequacy of System/ s 1.2.4 (b)</p>	<p>What security controls do you have in place to protect the confidentiality of orders and to protect the integrity of the trading system?</p>	<p>Trading system access is only permitted for users whose role / function requires them to have access. Line manager and information owner approvals are required before any user access is granted or modified. User access is reviewed as a part of Instinet’s User Access Management process.</p>
<p>s18.5 Adequacy of System/ s 1.2.4 (c)</p>	<p>Describe the monitoring tools that are employed to ensure that adequate access controls are in place and that breaches are identified.</p> <p>Describe your operating controls (including reviews or audits) to prevent and detect unauthorised intrusion, security breach or attack.</p>	<p>All attempts to access systems, whether successful, or unsuccessful, are logged and available for review.</p> <p>Operational controls adopted by Instinet are subject to on-going reviews by internal and external auditors. Instinet’s Risk Management and Information Security teams are responsible for the creation and maintenance of Instinet’s corporate information security policies. The objectives of information security policies are to:</p> <ul style="list-style-type: none"> • Set forth policies to protect the confidentiality of sensitive information and safeguard it against unauthorised access and disclosure, whether intentional or accidental; • Promote the integrity of information assets by setting forth policies to protect such assets from unauthorised accidental or intentional damage, modification, and destruction; and, • Ensure the availability of information by establishing policies to assure continued access to information regardless of unplanned business interruptions.

<p>s18.5 Adequacy of System/ s 1.2.4 (d)</p>	<p>Describe the steps taken to raise the awareness of system users on the importance of security precautions, e.g. regular training.</p>	<p>All employees have access to, and are required to read, Policies and Procedures relating to Cyber Security and Security Awareness. Mandatory training also is conducted on a regular basis.</p>
<p>s18.5 Adequacy of System/ s 1.2.5 (a)</p>	<p>What capacity constraints exist in the electronic trading system you provide?</p> <p>Is the capacity of the system regularly tested (for e.g. volume testing)? (Please also refer to 1.2.5(b) below)</p> <p>Are test results used as evidence for effective capacity planning?</p> <p>Do you have a pre-set modus operandi in place to handle capacity breach issues?</p> <p>Does the capacity testing and monitoring take account of different market situations, e.g. index rebalancing at close?</p>	<p>Instinet's electronic trading system is scaled to handle at least 3 times current peak load. Daily and monthly reports summarising the number of algorithmic orders / child orders / market data updates are generated and reviewed. Stress testing is conducted regularly (at least once per calendar year).</p> <p>Market conditions and trading volume levels are continually monitored to ensure the electronic trading system is not overloaded. Where a sustained increase in load is observed steps will be taken to maintain capacity at least 3 times peak load.</p> <p>Capacity planning is an ongoing process. The scalable nature of the electronic trading system means capacity can easily be added as market conditions evolve.</p> <p>In the event Instinet were to experience capacity issues processes exist to minimise disruption to trading.</p> <p>Yes.</p> <p>Yes.</p> <p>Yes.</p>

	<p>Apart from throttling, does the capacity planning take into consideration (algo) performances and other pre-trade controls due to latency?</p> <p>Please certify that capacity usage is regularly monitored and appropriate capacity planning developed.</p>	<p>Yes.</p> <p>IPL certifies that regular capacity is regularly monitored and that appropriate capacity plans are in place.</p>
<p>s18.5 Adequacy of System/ s 1.2.5 (b)</p>	<p>Certify that your capacity is regularly stress tested.</p> <p>What process is employed to monitor and test the capacity load of the electronic trading systems?</p> <p>How often are these stress tests done? Are they documented?</p>	<p>IPL certifies that capacity is regularly tested.</p> <p>Instinet conducts two kinds of stress testing.</p> <ol style="list-style-type: none"> 1. Automated stress testing – Performed on a daily basis by replaying production flow in a test environment. 2. Manual stress testing – Performed by manually pumping baskets of algo orders into the electronic trading platform until the algo engine / analytics platform reaches their maximum capacity. Manual testing is conducted 1-2 times per calendar year and is used to confirm the maximum threshold of each server. Test results are fully documented.
<p>s18.5 Adequacy of System/ s 1.2.5 (c)</p>	<p>Certify that your system has sufficient capacity to handle foreseeable increase in volumes and turnover</p>	<p>IPL certifies that there is sufficient platform capacity to handle foreseeable increases in volumes and turnover.</p>
<p>s18.5 Adequacy of System/ s 1.2.5 (d)</p>	<p>What contingency arrangements are employed when capacity load of the electronic trading systems you provide become critical? Who oversees the process? What remedies are employed?</p> <p>How is this communicated to users?</p>	<p>By conducting regular stress testing, as well as performing real-time monitoring, Instinet’s electronic trading system capacity can be increased ahead of time. This process is overseen by the Trading Operations team.</p>

	<p>Please describe what you would do should a situation occur as described in s1.2.5 (d).</p>	<p>In the event of an issue impacting the electronic trading system an announcement will be made by the Trading Operations team. Instinet coverage teams will directly engage with impacted clients.</p> <p>In the unlikely event that a capacity issue is encountered load balancing strategies can be employed including, moving flow to underutilised servers or adding additional servers / processes. As a final resort, clients can be requested to trade away and the system set to reject new order flow.</p>
<p>s18.5 Adequacy of System/ s 1.2.6</p>	<p>In the event of BCP/DR, do you have trained personnel available to:</p> <p>a) Ensure an electronic trading system user's continued access to a specific market, and b) Ensure that the electronic trading system continues to honour its record keeping requirements during a BCP / DR situation</p> <p>Describe your Business Continuity (BCP) / Disaster Recovery plan as it relates to the electronic trading systems, and the procedure for invoking it. Please include information about any back-up facilities and the testing of the viability and adequacy of the plan.</p>	<p>Yes</p> <p>Yes</p> <p>Documented, and tested, Business Continuity Plans (BCP) are in place for critical business areas across each division. These plans identify the personnel, resources and key dependencies (e.g., third-party organisations) required to recover critical business functions, as well as the various procedures necessary to respond to and recover from a business disruption. Instinet maintains a recovery location and work from home capabilities enabling the continuation of business operations in the event of a business disruption that results in relocation of personnel or functions from its primary business location. The business recovery facility has been equipped to accommodate critical business processes, personnel and associated applications / services.</p> <p>BCP tests are conducted periodically by all critical functions. Such tests aim to validate the effectiveness of BCP procedures as well as ensure the availability of critical services at the backup locations within required recovery time objectives.</p>

<p>s18.5 Adequacy of System/ s 1.2.6 (a)</p>	<p>Do you have a suitable backup facility (or recovery site) which will enable you to provide electronic trading services or alternative arrangements for order execution? If yes, where is it located and is it a dedicated or shared facility?</p> <p>How do you inform clients on scenarios where either a backup facility may not exist, or where constraints may be encountered (e.g. reduced capacity or latency) or where there is a need for a specific pre-requisite from the client themselves (e.g. backup servers in co-location).</p> <p>How much time does your firm require in order to switch between production and the DR site for the electronic trading system?</p>	<p>In addition to the primary office in IFC, Central, IPL maintains a backup office in Kwai Chung, N.T., Hong Kong. This is not a shared facility and is a hot site. In case of emergencies in the primary office, staff are to be sent to the backup office or work from home.</p> <p>The Primary datacentre, located in Japan, is backed up by a Disaster Recovery Datacentre located in HK.</p> <p>In the event IPL invokes its BCP the client coverage team will communicate directly with impacted clients. Clients will be made aware of the nature of the event as well as any factors which could impact their ability to execute trades through Instinet.</p> <p>The time taken to invoke DR is dependent on the nature of the specific incident. While some incidents will have limited impact full DR invocation will take approximately 2 hours.</p>
<p>s18.5 Adequacy of System/ s 1.2.6 (b)</p>	<p>Please describe your arrangements to ensure business records, client and transaction databases, servers and supporting documentation are backed up in an off-line medium.</p> <p>Do you have offsite storage? If yes, please outline the firm approach to security of offsite storage.</p>	<p>All business records, databases, servers and supporting documentation are backed up daily in an off-line medium. Depending on the information type, the backup is either completed locally in Hong Kong or in the US (for example, client records and local servers are backed up in Hong Kong and transaction databases are backed up on US servers).</p> <p>Yes. We have policies and procedures in place, reasonably designed, to apply with applicable laws, rules and regulations. Backups are taken offsite daily in Hong Kong.</p>

<p>s18.5 Adequacy of System/ s 1.2.6 (c)</p>	<p>How does the firm monitor regulatory, legal and compliance enquiries?</p> <p>Are there provisions under the BCP and DR plan for trained staff to deal with client and regulatory enquiries? Who is responsible for communications with regulators and clients?</p>	<p>All regulatory, legal or compliance queries are directed to, and handled by, the Legal and Compliance group, who will communicate with regulators and clients on legal or compliance issues.</p> <p>Legal and Compliance staff members can login from home or the BCP site, in doing so they can handle client and regulatory enquiries in the usual manner.</p> <p>The primary contact for communication with the regulators is the Head of Compliance, Hong Kong and General Counsel, Asia who are SFC complaints officers.</p>
<p>s18.5 Adequacy of System/ s 1.2.7</p>	<p>How often is the contingency plan tested to ensure that it is adequate? When was its last tested?</p>	<p>IPL maintains a BCP / DR contingency plan testing schedule. The BCP is updated annually with input from each department head. IPL conducted a full DR site test in June 2022. Teams from the front and back office worked "live" from the DR site or remotely, from home.</p>
<p>s18.5 Adequacy of System/ s 1.2.8</p>	<p>How are major system failures or delays addressed and what procedures are in place to rectify them?</p> <p>What procedures are in place to ensure steps are taken to prevent past issues from reoccurring?</p>	<p>Instinet's trading operations team are responsible for monitoring production stability as well as coordinating the response to specific incidents.</p> <p>Instinet maintains comprehensive policies and procedures for dealing with failures and delays, including post-incident analysis, diagnosis and remediation. A bi-weekly triage process, with input from the business, product, technology, risk and compliance ensures all issues are reviewed and assigned an appropriate level of resource and attention. Depending on the severity of an incident there will be an escalation to senior management as well as the Regional Risk Management and Compliance Committee.</p> <p>In the event of a serious failure Trading Operations will provide the business with information such that they can evaluate the situation and determine the best possible course of action. Where an incident is on-going this communication will be continual. The business will make decisions regarding any required remedial action, including client communication as well as the necessity to halt specific trading flows.</p>

	<p>Are there clear guidelines in place to inform the user in cases of a system disruption including information as to how and when the issue will be resolved? If yes, what are those guidelines?</p>	<p>Yes. Standard practice is to notify users promptly as to the extent of the disruption and the estimated downtime.</p>
<p>s18.6 Record keeping/ s 1.3.1 (a) (general), s 3.4.1 (algos)</p>	<p>Describe what records and documents your firm prepares and maintains relating to the following:</p> <ul style="list-style-type: none"> a. design, development and modification, b. testing and review, and c. risk management controls of (i) the electronic trading system and (ii) if applicable, the algorithmic trading system and trading algorithms. <p>How often does your firm review and update these records and documents?</p> <p>Certify that you keep comprehensive documentation of the design and development, including any testing, reviews, modifications, upgrades or rectifications of your system Algos – Design and development, including modifications, of algos in writing. That the documentation shows the rationale for the design, development and modification, as well as their intended outcome. That these records are retained for a period of no less than 2 years after your system and algorithms cease to be used.</p>	<p>IPL certifies that it keeps all required records and that it retains them in pursuant to 1.3.2 of Schedule 7 of the Code of Conduct for Persons Licensed by or Registered with the Securities and Futures Commission.</p> <p>These are reviewed regularly by various working groups as well as the Algorithmic and Electronic Trading Committee and the Regional Risk Management and Compliance Committee. Documents are updated as required.</p> <p>IPL certifies it complies.</p>

<p>s18.6 Record keeping/ s 1.3.1 (b)</p>	<p>Certify that you keep comprehensive documentation of the risk management controls of your system and that these records are retained for a period of no less than 2 years after your system and algorithms cease to be used.</p>	<p>IPL certifies that risk management controls are documented and records retained for no less than 2 years after the system and algorithms cease to be used.</p>
<p>s18.6 Record keeping/ s 1.3.1 (c), Annex to Schedule 7</p>	<p>Please confirm that your firm maintains an audit log that documents the order process and transaction flow through (i) the electronic trading system and (ii) if applicable, the algorithmic trading system. Please summarise the information that your firm maintains as part of the audit log.</p>	<p>Instinet records a broad range of order level information in its order audit logs. This information includes, but is not limited to:</p> <ol style="list-style-type: none"> 1. Name of the client 2. Person placing order on client's behalf 3. Date & time of order receipt 4. Name of the security 5. The number of shares to be bought or sold 6. Price or price-related instructions 7. Any order amendment details 8. Any order cancellation details 9. Any specific algorithmic parameters <p>The data retained in relation to trade executions includes:</p> <ol style="list-style-type: none"> 1. Market Order Id 2. Trade Date Time 3. Quantity 4. Price 5. Value 6. Buy / Sell 7. Stock Code 8. Account Name / Number 9. Time Stamp of order execution 10. Executing venue

	<p>Certify that you maintain audit logs as set out in Annex to Schedule 7 and that these records are retained for a period of no less than 2 years after your system and algorithms cease to be used.</p>	<p>IPL certifies that records are retained for a period of 7 years.</p>
<p>s18.6 Record keeping/ s 1.3.1 (d), Annex to Schedule 7</p>	<p>Describe what reporting your firm maintains for material system delays or failures. [Please state what you consider to be "material system delays or failures" for this purpose and give examples.]</p> <p>Certify that you maintain incident reports as set out in Annex to Schedule 7 and that these records are retained for a period of no less than 2 years after your system and algorithms cease to be used.</p>	<p>Please refer to 1.2.8 above regarding incident reports for material system delays and failures.</p> <p>In addition to retention of documents related to incidents, material operational risk events are also documented, in accordance with the firm's operational risk processes. Examples of such events would include:</p> <ul style="list-style-type: none"> • A loss or gain which exceeds a prescribed threshold; • An overnight exposure which exceeds a prescribed threshold; • A significant business disruption, or regulatory risk • A near miss event <p>IPL certifies that records are retained for a period of not less than 2 years after the system and/or algorithm ceases to be used.</p>
<p>s18.6 Record keeping/ s 1.3.2</p>	<p>What is your record retention policy for the documentation, audit logs and incident reports that your firm maintains in relation to (i) the electronic trading system and (ii) if applicable, the algorithmic trading system?</p> <p>How does your firm maintain such documentation, audit logs and incident reports; and what controls are in place to monitor access to this information?</p>	<p>Records are retained pursuant to paragraph 1.3.2 of Schedule 7 of the Code of Conduct for Persons Licensed by or Registered with the Securities and Future Commission.</p> <p>Data is kept electronically. Access to audit logs is restricted to authorised personnel only.</p>

<p>s18.6 Record keeping/ s 3.4.2</p>	<p>Confirm that, when you design, develop or modify the algorithmic trading system or trading algorithms, you document (i) the rationale, and (ii) the intended outcome, of the design, development or modification.</p> <p>Confirm that, for each order, your firm records the parameters which the algorithmic trading system and trading algorithms take into account. How long are these records kept?</p> <p>Certify that records of all the parameters which your algorithmic trading system and trading algorithms take into account for each order are kept and retained for a period of no less than 2 years.</p>	<p>Instinet maintains comprehensive documentation pertaining to the design, development and modification of the algorithmic trading system, as well as specific trading algorithms. Documentation includes the rationale for adopting a specific approach as well as the intended outcome. All documentation is retained in accordance with paragraph 3.4.1 of Schedule 7 of the Code of Conduct for Persons Licensed by or Regulated with the Securities and Futures Commission.</p> <p>IPL confirms that order level information is retained for a minimum period of 7 years, this information includes parameters taken into consideration by the algorithmic trading system.</p> <p>IPL certifies that records of all the parameters taken into consideration by the algorithmic trading system and those taken into account by trading algorithms for each order are kept and retained for a period of no less than 2 years.</p>
<p>s18.6 Record keeping/ s 3.4.3</p>	<p>Certify that records of the reviews and tests conducted under paragraph 3.2.2 setting out the scope of findings of the tests are kept and are retained for a period of no less than 2 years.</p>	<p>IPL certifies that records of capacity testing, capacity planning, and regression testing are retained for a period of no less than 2 years.</p>
<p>s18.7 Risk Management – Internet trading and DMA / s 2.1.1</p>	<p>Describe the internet trading or DMA services’:</p> <p>a) pre-trade risk management controls</p> <p>b) post-trade monitoring programme (including what risks are monitored for, how they are monitored and how frequently).</p> <p>Explain the methodology by which the licensed person has determined the limits and controls are appropriate in (a) and (b) above.</p>	<p>Pre-trade risk controls for DMA include:</p> <ul style="list-style-type: none"> • Limit price controls • Cumulative client exposure limits • Per order notional limits • Liquidity controls <p>To the extent that a DMA client utilizes Instinet’s trading algorithms additional pre-trade controls may apply.</p>

	<p>Describe how, and how often, these limits and controls are reviewed.</p>	<p>Pre-trade controls are reviewed by compliance, risk and the front office on a regular basis. Controls are calibrated based on market practice, with consideration given to specific market microstructures and trading conditions. Proposed changes are reviewed by the Risk Management and Compliance Committee.</p> <p>Post-trade surveillance monitoring is performed by compliance on a daily basis incorporating a multitude of risks, including spoofing and adverse price impact. All trading activities, whether manual or electronic, conducted through affiliated exchange members are within scope for surveillance monitoring. The appropriateness of thresholds is reviewed on a regular basis with recalibration occurring as necessary.</p>
<p>s18.9 Qualification – algo trading</p>	<p>Certify that you have policies and procedures to ensure persons (a) involved in design/development of algos, and (b) approved to use algos are suitably qualified.</p>	<p>All candidates are subjected to multiple rounds of interviews and pre-employment screening. Instinet's HR division conducts detailed pre-employment checks engaging a specialist 3rd party reviewer.</p> <p>Candidates specifically considered for design and development positions must pass technical aptitude tests and a home project assignment.</p> <p>Individuals approved to use the algorithmic trading system will undertake specific training in the usage and impact of Instinet's trading algorithms.</p>
<p>s18.9 Qualification – algo trading/ s 3.1.1</p>	<p>Please describe the level of training and support that you will provide to clients regarding:</p> <ul style="list-style-type: none"> • Use and operation of the systems and trading algorithms • Compliance and regulatory issues which may arise from the use of the systems and trading algorithms • (in respect of each trading algorithm) <ul style="list-style-type: none"> ○ its trading characteristics and execution behaviour, ○ potential market impact and risks to market integrity, and 	<p>All clients will receive detailed training documentation concerning the use of the algorithmic trading system and specific algorithms. Clients are also offered interactive training sessions. Furthermore, clients receive active coverage from the Electronic Trading team. Any questions, or issues, pertaining to the electronic trading system, or Instinet algorithms, will be responded to in a timely manner.</p>

	<ul style="list-style-type: none"> ○ regulatory constraints on use <p>Please supply copies of the relevant training documentation that will be used for training support.</p>	<p>The documentation is attached.</p>
<p>s18.9 Qualification – algo trading/ s 3.1.3</p>	<p>Certify that you will provide us with timely training on material changes to your the use and operation of the algorithmic trading system; each of the trading algorithms contained in the algorithmic trading system including: its trading characteristics and execution behaviour; the potential market impact and risks to market integrity; and whether it is appropriate to use a particular trading algorithm under certain market conditions in the execution of certain orders in light of the regulatory requirements.</p>	<p>IPL certifies that material changes affecting the use and operation of the algorithmic trading system will be communicated to clients, and training will be provided as necessary.</p>
<p>s18.9 Qualification – algo trading/ s 3.1.4</p>	<p>Please describe your procedures for informing a user in a timely manner of any changes in the design and development of the systems and trading algorithms.</p>	<p>Active users of the algorithmic trading system are continually updated on new developments.</p> <p>Should a material change occur clients will receive an updated manual and / or contact by the Electronic Trading team.</p>
<p>s18.9 Qualification – algo trading/ s 3.1.5</p>	<p>Please supply copies of up-to-date documentation on the use of the systems and trading algorithms. The documentation should include (i) an explanation on how to operate the systems and trading algorithms, and (ii) a description of the applicable risk, supervisory and compliance controls.</p> <p>How often does your firm review and update these documents?</p>	<p>These are attached.</p> <p>These are reviewed at least quarterly and whenever a material change to the system occurs.</p>

<p>s18.10 Testing – algo trading</p>	<p>Certify that your algorithm trading system and the algorithms we have access to are adequately tested to ensure they operate in the manner for which it is designed.</p>	<p>IPL certifies that it conducts regular testing to ensure the algorithmic trading system is operating within the designated parameters.</p>
<p>s18.10 Testing – algo trading/ s 3.2.1 (a)</p>	<p>Certify that the design and development of the algorithms we have access to have taken into account i) foreseeable extreme market circumstances and ii) the characteristics of different trading sessions such as auctions and continuous trading</p>	<p>IPL certifies that during the design and development of its algorithms reasonable consideration is given to i) foreseeable extreme market circumstances and ii) the characteristics of different trading sessions, such as auctions and continuous trading.</p>
<p>s18.10 Testing – algo trading/ s 3.2.1 (b)</p>	<p>Describe how the algorithms take into account foreseeable extreme market condition scenarios and the characteristics of different trading sessions</p>	<p>The design, development and testing processes for Instinet’s algorithms includes, considering foreseeable extreme market conditions and the characteristics of different trading sessions.</p> <p>The Instinet algorithmic trading development team utilises an automated testing framework whereby specific market scenarios, such as extreme market conditions, or characteristics of different trading sessions, can be simulated. All automated tests have to be passed for new code changes to be integrated into the code base and released to production.</p>
<p>s18.10 Testing – algo trading/ s 3.2.1 (c)</p>	<p>Please outline how you ensure that application deployment will not interfere with the operation of a fair and orderly market</p>	<p>Automated pre-deployment testing includes scenarios designed to ensure the algorithmic trading system will not interfere with the operation of a fair and orderly market.</p> <p>Furthermore, specific pre-trade controls, as described in Risk Controls Experts Algorithmic Trading Parameters (Appendix B) Dec document, are designed to ensure algorithms will not interfere with the operation of fair and orderly market. A weekly report of algorithmic orders put on hold for manual review by these controls is reviewed by GTR Asia team.</p>

<p>s18.10 Testing – algo trading/ s 3.2.2</p>	<p>After deployment do you test at least annually the ability of the systems and trading algorithms to (i) handle sizeable trading volumes, and (ii) execute orders without interfering with the operation of a fair and orderly market?</p> <p>Who performs these tests?</p> <p>Do you use third party providers?</p> <p>Please outline the key metrics within your due diligence procedures to ensure third party providers conduct an equivalent level of testing of their algorithmic trading system and trading algorithms</p>	<p>Capacity and stress testing is conducted on a yearly basis. In addition, relevant functional & capacity testing is performed prior to each system upgrade, enhancement or bug fix.</p> <p>All testing is conducted in-house.</p> <p>No third party providers are used.</p> <p>N/A</p>
<p>s18.11 Risk Management – Algorithmic trading/ s 3.3.1 (a)(i)</p>	<p>Describe the controls (including how any automated controls operate) implemented in respect of the system to prevent generation / processing of trade orders that may be erroneous or interfere with the operation of a fair and orderly market.</p>	<p>The algorithmic trading system includes a number of mandatory and user-determined filters designed to prevent activity which could interfere with the operation of a fair and orderly market. These controls include, but may not be limited to:</p> <ol style="list-style-type: none"> 1. Maximum Order Size / Price Tolerance 2. Liquidity controls 3. Outbound Message Rate Throttles 4. Execution / Fills Reconciliation 5. Kill Switches and Emergency Shutdown/ Re-start Procedures 6. Separation of Production / Non- Production Environments 7. Access restrictions to trading and order management GUIs 8. Cumulative Client Exposure 9. Reference Data Integrity 10. Market Data Integrity
<p>s18.11 Risk Management –</p>	<p>How does the firm define/ consider the circumstances that could give rise to a disruption in the operation of a “fair and orderly market” for these purposes?</p>	<p>The circumstances that could give rise to a disruption of a fair and orderly market are specific to the relevant market as well as the mechanism by which participants interface with that market. Such factors could include:</p> <ul style="list-style-type: none"> • Regulatory and exchange rules

<p>Algorithmic trading/ s 3.3.1 (a)(ii)</p>		<ul style="list-style-type: none"> • Enforcement actions • Exchange infrastructure and systems limitations • Past market disruptions • Significant trading errors
<p>s18.11 Risk Management – Algorithmic trading/ s 3.3.1 (b)</p>	<p>Describe the controls (including how any automated controls operate) implemented in respect of the system to protect the firm and clients using the algorithmic trading system from excessive financial risk.</p> <p>How does the firm define “excessive financial risk” for this purpose? Does/ how does the firm monitor for such risk?</p>	<p>The algorithmic trading system includes a set of pre-trade controls specifically designed to prevent erroneous orders, disruptive orders, and orders that might expose Instinet and / or its clients to excessive financial risk. Mandated pre-trade controls exist at a firm-wide level however customised controls can also be enabled for individual clients.</p> <p>In addition to the pre-trade controls Instinet’s electronic trading client coverage team are monitoring trading activity on a real-time basis, including receiving automated alerting if pre-defined scenarios occur.</p> <p>In the event of a risk scenario materialising documented kill switch and shutdown procedures will be followed.</p> <p>IPL considers “excessive financial risk” to be dependent on a number of factors, including a client’s specific profile and prevailing market conditions.</p>
<p>s18.11 Risk Management – Algorithmic trading/ s 3.3.2 (a)</p>	<p>Describe the firm’s post-trade review process in respect of algorithmic trading activities by clients.</p> <p>What risks are reviewed and monitored for? How frequently?</p> <p>If risks are identified, what steps are taken to escalate, redress and notify relevant parties of these risks, and prevent re-occurrence?</p>	<p>Post-trade surveillance monitoring is performed by compliance on a daily basis incorporating a multitude of risks, including spoofing and adverse price impact. All trading activities, whether manual or electronic, conducted through affiliated exchange members are within scope for surveillance monitoring. The appropriateness of thresholds is reviewed on a regular basis with recalibration occurring as necessary.</p> <p>Depending on the nature of the risk, there will be an escalation to the relevant Responsible Officer, and a senior member of the compliance team. Issues are dealt with in accordance with Instinet’s incident report process which includes investigation,</p>



diagnosis, remediation and monitoring. The incident reporting process is overseen by the Risk Management and Compliance Committee.

Updates to this document will be posted at <https://www.instinet.com/legal-regulatory>

©2023, Instinet Incorporated and its subsidiaries. All rights reserved. INSTINET is a registered trademark in the United States and other countries throughout the world. This material is provided for informational purposes only and does not constitute an offer, solicitation, or recommendation with respect to the purchase or sale of any security. It does not take into account the particular investment objectives, financial situation or needs of individual clients. Approved for distribution: in Australia by Instinet Australia Pty Limited (ACN: 131 253 686 AFSL No: 327834), which is regulated by the Australian Securities & Investments Commission; in Canada by Instinet Canada Limited, Member – Canadian Investor Protection Fund; in the United Kingdom by Instinet Europe Limited, which is authorized and regulated by the Financial Conduct Authority; in the European Economic Area by Instinet Germany GmbH which is authorized and regulated by the BaFin and Deutsche Bundesbank; in Hong Kong by Instinet Pacific Limited, which is authorized and regulated by the Securities and Futures Commission of Hong Kong; in Singapore by Instinet Singapore Services Private Limited, which is regulated by the Monetary Authority of Singapore, a trading member of The Singapore Exchange Securities Trading Private Limited; and in the US by Instinet, LLC, member SIPC. For institutional investor use only.