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The Securities and Futures Commission of Hong Kong (SFC) has introduced new regulations on Alternative Liquidity Pools (ALPs) which came into effect on December 1<sup>st</sup> 2015.

Sanford C. Bernstein (Hong Kong) Limited does not operate its own ALP, but we may use external ALPs in Hong Kong to execute clients' orders.

**Please find the links to these guidelines below:**

**ASX Centrepoin:**

[http://www.asx.com.au/documents/trading\\_services/ASXCentrePoint\\_CustomerBrochure\\_April2015.pdf](http://www.asx.com.au/documents/trading_services/ASXCentrePoint_CustomerBrochure_April2015.pdf)

**Block Event:**

<http://www.bernsteinresearch.com/CMSObjectBR/BlockEvent.pdf>

**Citi CitiMatch:**

[https://www.citibank.com/mss/products/equities/e\\_trading/docs/Citi\\_Match\\_Reference\\_Guide\\_HK.pdf](https://www.citibank.com/mss/products/equities/e_trading/docs/Citi_Match_Reference_Guide_HK.pdf)

**CLSA:**

Hong Kong guidelines (also dictating the crossing engine mechanism in Japan):

<https://www.clsa.com/wp-content/uploads/2016/07/4-3%20HK%20Crossing%20Engine%20Guidelines.pdf>

<https://www.clsa.com/wp-content/uploads/2016/07/4-2%20HK%20Crossing%20Engine%20Annex.pdf>

**Australia guidelines:**

[https://www.clsa.com/wp-content/uploads/2016/10/4-4\\_Australia\\_CE\\_Guide\\_Annex\\_March\\_2017.pdf](https://www.clsa.com/wp-content/uploads/2016/10/4-4_Australia_CE_Guide_Annex_March_2017.pdf)

**CS Crossfinder:**

<https://www.bernsteinresearch.com/CMSObjectBR/Credit%20Suisse%20APAC%20Crossfinder%20Guidelines%202019.pdf>

**Daiwa Direct:**

<http://www.bernsteinresearch.com/CMSObjectBR/DaiwaDirect.pdf>

**DB SuperX:**

[https://australia.db.com/australia/docs/SuperX\\_Public\\_disclosures.pdf](https://australia.db.com/australia/docs/SuperX_Public_disclosures.pdf)

**GS SigmaX:**

[http://www.bernsteinresearch.com/CMSObjectBR/GSA\\_SIGMA.pdf](http://www.bernsteinresearch.com/CMSObjectBR/GSA_SIGMA.pdf)

[http://www.bernsteinresearch.com/CMSObjectBR/SIGMA\\_X\\_AU.pdf](http://www.bernsteinresearch.com/CMSObjectBR/SIGMA_X_AU.pdf)

<http://www.goldmansachs.com/what-we-do/securities/gset/equities/liquidity-access/sigma-x-asia-faqs.pdf>

**Instinet CBX and BLX:**

<http://www.instinnet.com/legal.php>

<http://www.bernsteinresearch.com/CMSObjectBR/cbxguideline.pdf>

**ITG POSIT**

**Hong Kong:**

<https://www.virtu.com/uploads/documents/ITGHK-POSIT-Client-Operating-Procedures-January-2019-12.12.18-FINAL.pdf>

**Australia:**

[https://www.virtu.com/uploads/documents/POSIT-Information-Australia\\_2018.pdf](https://www.virtu.com/uploads/documents/POSIT-Information-Australia_2018.pdf)

**JPM JPMX:**

[https://www.jpmmorgan.com/directdoc/hk\\_jpm-x\\_guidelines.pdf](https://www.jpmmorgan.com/directdoc/hk_jpm-x_guidelines.pdf)

**ML InstinctX:**

<http://www.bofaml.com/en-us/content/high-touch-electronic-trading.html>

**Mitsubishi UFJ Morgan Stanley Dark Pool:**

<http://www.bernsteinresearch.com/CMSObjectBR/Mitsubishi.pdf>

**MS MSPool:**

[http://linkback.morganstanley.com/web/sendlink/webapp/f/2u0jgnp2-3q1n-g000-9bd7-005056028000?store=0&d=TAawADJ1MGpnbAylTNxMW4tZzAwMC05YmQ3LTawNTA1NjAyODAwMA%3D%3D&user=lurtsn4scywn-792&\\_gda\\_=1775031481\\_ed58c99c30d491c79eae3fa147214c2](http://linkback.morganstanley.com/web/sendlink/webapp/f/2u0jgnp2-3q1n-g000-9bd7-005056028000?store=0&d=TAawADJ1MGpnbAylTNxMW4tZzAwMC05YmQ3LTawNTA1NjAyODAwMA%3D%3D&user=lurtsn4scywn-792&_gda_=1775031481_ed58c99c30d491c79eae3fa147214c2)

**SMBC Nikko Dark Pool:**

[http://www.bernsteinresearch.com/CMSObjectBR/SOR\\_ncfd.pdf](http://www.bernsteinresearch.com/CMSObjectBR/SOR_ncfd.pdf)

**Nomura NX:**

<http://www.bernsteinresearch.com/CMSObjectBR/NX%20Introduction.pdf>

**UBS Cross:**

<https://www.ubs.com/content/dam/static/emailer/September/INCL00001304391/apac-alp-disclosure-final.pdf>

**Macquarie Crossing (MaX):**

<http://static.macquarie.com/dafiles/Internet/mgl/global/shared/sf/pdf/user-guidelines-on-macquarie-crossing-MaX.pdf>

<https://static.macquarie.com/dafiles/Internet/mgl/global/shared/about/disclosures/docs/msal-crossing-system-information.pdf?v=2>

**The SFC's "Consultation Conclusions Concerning the Regulation of Alternative Liquidity Pools" released on 15 May 2015 can be found below:**

<http://edistributionweb.sfc.hk/t/-l-dkakjy-sdiulyhh-r/>

Please contact your Bernstein representative if you have any questions.

Sanford C. Bernstein (Hong Kong) Limited  
盛博香港有限公司  
Authorised and regulated by the Securities and Futures Commission

# Sanford C. Bernstein (Hong Kong) Limited

## **Best Execution Policy Disclosure Statement**

### **Best Execution Obligation**

When executing orders in financial instruments on your behalf, we shall take all reasonable steps to obtain the best available terms to you. Where we transmit a client order to a third party for execution, we will act honestly, fairly and professionally in order to obtain the best possible result for the client.

### **Execution Factors**

We will take all reasonable steps to obtain the best possible result for you by taking into account a range of execution factors, when executing client orders or placing orders with (or transmitting orders to) other entities for execution. We will take into account price, liquidity quality, speed, likelihood of execution and settlement, costs, size, nature or any other consideration relevant to the execution of the order. Nevertheless, whenever there is a specific instruction from you we shall execute the order following the specific instruction.

When executing your orders we will determine the relative importance of the execution factors based on any information or instructions you give us with your order and market information at the relevant time, taking into account the following criteria (i) your characteristics including your client categorisation as a professional client; (ii) the characteristics of your order; (iii) the characteristics of the financial instrument which is the subject of your order; (iv) the characteristics of the execution venue(s) to which your order can be directed.

Whilst price is a strong determinative factor in achieving best execution, it should be noted that best execution is broader than the 'best price' as this may not offer the best result for a client if it is associated with higher costs (e.g. cost of market impact, exchange or clearing fees and commission/spreads) or relates to venues with less liquidity. Notwithstanding all of the execution factors highlighted above, we consider that whilst price will be the primary factor in achieving best execution, where relevant we additionally place particular significance on the cost of trading and the likelihood of execution.

We consider that controlling the costs incurred on behalf of clients as being integral to achieving best execution. We distinguish between two broad categories of cost:

- Implicit costs – these arise from how a trade is executed (e.g. immediately or worked over a period of time, in a block, aggregated with other trades, or as child orders sent to multiple execution venues), and;
- Explicit costs – these include commissions, fees, taxes, exchange fees, clearing and settlement costs, or any other costs passed onto the client by intermediaries participating in the transaction.

Please be aware that in our assessment of costs of trading we will often place greater significance on those implicit costs described above rather than on explicit costs.

### **Execution Venues on Which the Firm Places Significant Reliance and Associated Execution Arrangements**

To achieve best execution we consider, and place significant reliance upon, appropriate execution venues which include on-exchanges, alternative liquidity providers, as well as third party broker-dealers/market makers. Our choice of venue aims to obtain on a consistent basis the best possible result for the execution of client orders. We may also cross your order with a matching order from another Client. The execution price of this cross will depend on a number of factors including any limits you have applied to your order, the price on the primary market, and any other relevant circumstances such as liquidity of the relevant equity instrument. On most occasions, crosses via Bernstein will transact at a price within the primary market spread.

### **Use of Other Broker-Dealers for Execution**

We may use other brokers to execute your orders where appropriate in order to achieve best execution, for example, in those jurisdictions where we have no local presence or where an ID market operates. Please be assured that we only select partnering brokers following an in house due diligence process which considers,

amongst other items, liquidity, historical execution quality and technology. We may also transmit orders to exchanges via direct market access (DMA) connectivity provided by other brokers. Where your order is for the purchase or sale of securities in North America, Latin America or Europe we will, in most cases, transmit your order for execution by our SEC-registered affiliate Sanford C. Bernstein & Co., LLC or our FCA-registered affiliate Sanford C. Bernstein Limited respectively. Where we transmit an order to a broker-dealer (affiliate or otherwise) for execution of a security then we consider that compliance by that broker-dealer with the applicable laws and regulations in that jurisdiction concerning the provision of best execution for a client will satisfy our obligations to have arrangements in place that achieve best execution for you. Where Bernstein determines that the local broker is not providing best execution, they will be removed from our approved broker list.

### **Specific Client Instructions**

If you give us specific instructions as to how you wish your order to be executed, we will follow those specific instructions and accordingly we will be treated as having satisfied our best execution obligations in respect of the part or aspect of the order to which your instructions relate. Notwithstanding this, in seeking to achieve best execution for any remaining part of your order, we will continue to assess all other relevant execution factors as identified above to the extent that they are not covered by your specific instruction. Specific Client instructions could relate to execution price, venue, method of execution and instructions to use a particular algorithm or individual parameters of an algorithm.

This may prevent us from taking the steps that we have designed and implemented to execute your order in accordance with this Order Execution Policy and achieve the best possible result.

Where you transmit orders to us with reference to a security symbol which is execution venue (exchange) specific as opposed to a generic identification symbol (ISIN/CUSIP numbers) we will assume that we are able to facilitate trading across all relevant execution venues unless explicitly stated otherwise.

### **Algorithmic Trading**

Bernstein has a number of algorithmic strategies that provide numerous single stock and portfolio executions within a risk-controlled framework. These strategies aim to achieve a variety of different trading objectives which can be determined by the client. The client can further adapt the strategy by adjusting a range of trading parameters. Customised strategies can also be requested.

Bernstein is able to incorporate client preferences into the order routing logic. This can include the exclusion of venues and changes to the significance of each of the factors that influence the routing decision.

### **Exclusions**

The obligations established in this policy extend to transactions executed with or through Bernstein only. This policy does not apply to other Bernstein or AllianceBernstein entities.

If, at any time, you have questions or concerns about how a particular order was handled, Bernstein would be pleased to demonstrate how the order was handled and what steps were taken to achieve best execution.